

On unlawful Competition in English and Swiss Law

Inaugural-Dissertation

submitted to

the High Faculty of Law of the University of Berne

to

obtain the degree of Doctor iuris utriusque

by

Erich Carl Sievers of Berne and Basle

Firma A. Sijthoff, The Hague

1950

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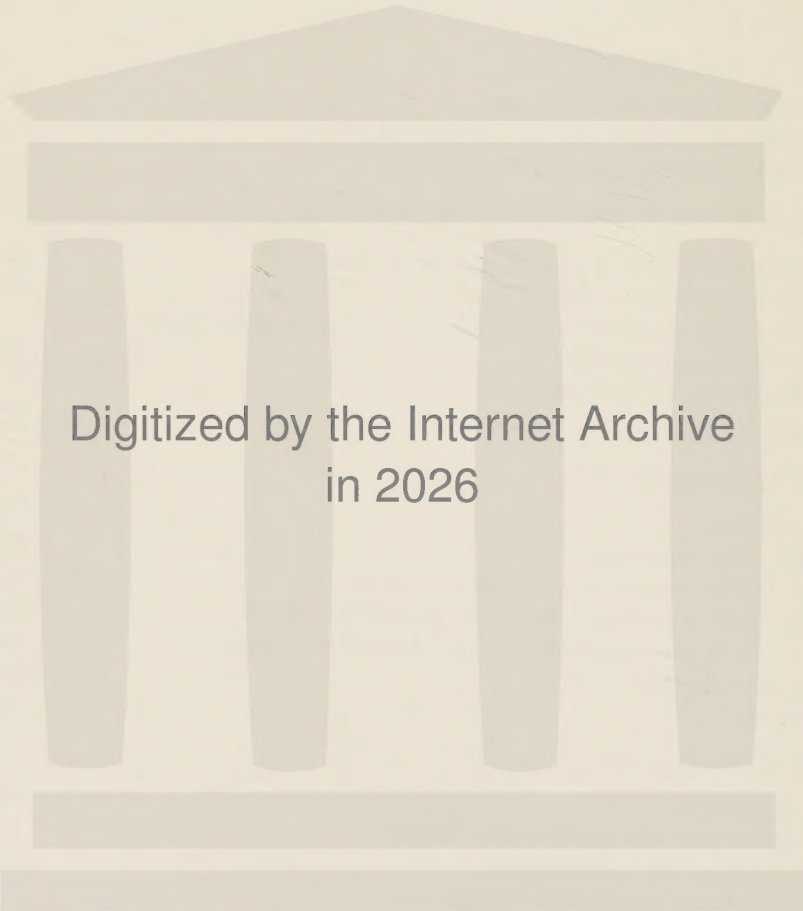
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The Faculty of Law, on recommendation of Prof. Dr. W. von Steiger, has accepted this study as dissertation the 3rd of March 1949, without wishing to pronounce on any opinions contained in it.



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General Part:

Chapter 1.

INTRODUCTION:

1. *Common law and Civil law.*

The difference between English law and Continental law has its origin not least in two negative elements. Two factors, the influence of Roman law and the codification of the law, which were of high importance in the formation and the development of the actual Continental law, were of less and different influence in the growth of the English law. ¹⁾ The latter has grown on a different basis; authors therefore were induced to classify civil law of the countries into two different systems, the Continental system and the Anglo-Saxon system or Common law system. ²⁾

The fact that law in England has slowly grown by means of judicial decisions and evaded the tendencies of general codification, explains, that one of the main sources is still the case law or judiciary law. In the two systems of Common law and Equity, which achieved under the theory of precedent a certain stability and which were, as far as private law is concerned, completed by Statute law, English law has got a formation, which is, to a certain extent, comparable to the formation achieved by codification. Every decision is governed by a principle, and with every new decision, this principle is enlarged. After having read a case or a set of cases, the lawyer has to elaborate the principle governing these decisions, and then he must decide, whether the new set of facts before him falls within the scope of such principle. In applying it to a new case, his proceeding is similar to that of the continental lawyer, who subsumes the facts under a certain norm. In elaborating what is the law, the method of the English lawyer is different.

This methodical difference exists, because precedent is double, inductive and deductive, whereas enactment only imposes the necessity of deduction upon the courts. A statutory provision is general and comprehensive in form, precedent is particular and limited. A judicial decision, whatever implication may be read into it by subsequent comparison and interpretation and whatever principle it may follow, exists primarily for the settling of a particular dispute. A statute purports to lay down a universal rule.

¹⁾ A. Schwarz, *Das englische Recht und seine Quellen*, p. 1.

²⁾ Beyer, *Extension of English law and Roman law* Vol. II, p. 85 seq. The expression "Common law" is here used in a wider sense than usual. Generally it denotes an ingredient of the law of England.

Therefrom follows that English private law, in particular the law of torts, is inclined to be more casuistic than Continental law. The principles which govern the numerous and differentiated sets of cases are more adjusted to the facts of the cases than a general statutory provision could be. In English law, no similar general rules for culpability, damages or unlawfulness exist as are involved in the Continental system. Nevertheless, it would be dangerous to conclude, that the two systems differ very much in the final solutions they give. That should be borne in mind, when a continental lawyer approaches for the first time English law, Common law in general.

2. Unlawful competition in Continental law.

Every legal system is based on a general title to legal protection. A violation of the law raises the question as to what the concrete claims are. In Continental law, influenced by Roman law, and in particular in Swiss law, this question is systematically solved. Infringements of the subjective rights or objective legal duties are followed by comprehensive sanctions. In the case of an infringement of the rights of personality (Persönlichkeitsrechte), of relative or absolute material rights (Vermögensrechte), of family rights or in the case of an abuse of rights, the law of the person (Personenrecht) Art. 27 seq. Swiss Code Civil, the law of property, for instance Art. 641,2 and Art. 926 seq. Swiss Code Civil, the law of obligations Art. 41 seq. and 97 seq. Swiss Code of Obligations and family law provide respectively the remedies.

It may seem that such a system and the deductive method incorporated in it made it easy to develop a satisfactory law of competition. The formalistic lawyers of the last century, however, disputed on the nature of the right incorporated in commercial competition, which had become of increased importance in their time, and they could not always agree that unlawful competition would find its relief in the existing legal systems. It is in fact jurisprudence and case law which found and developed the notion of unlawful competition.

In some countries, the law relating unlawful competition was developed by analogy to the special protection of trade marks, or it was held that unfair competition is an infringement of immaterial property. French judges speak of property in connection with the right of one trader not to be infringed by competitive acts of another trader. French law admitted, that the relation between a trader and his customers is in the material interest, to which the trader has a quasi property right. It restrained a rival trader, who had abused the right of free competition by using his concurrent's capacity and means of competition for his own purposes, partly by special statute and partly by the general provisions of the Civil Code in connection

with tort. ³⁾ It follows from this, that French jurisdiction was concerned primarily with the protection of the violated rival trader. ⁴⁾ Though this jurisdiction arrived, with a great deal of practical sense, to protect traders against the different forms of unlawful competition, it could not give an exact definition of the nature of the right, which it protected. But we must not lay too much stress upon such denominations, for the French applied them in order to develop a jurisdiction not yet static. And the same applies probably to English law, in particular to the early Equity jurisdiction as to passing off.

Lawyers and authors of other countries based the foundation of the principles restraining unlawful competition upon the rights of personality. J. Kohler ⁵⁾, especially, created the right of the commercial personality. He criticized the jurisdiction of the German courts, which would not give any protection against unlawful competition, which was not an infringement of one of the special statutes concerning immaterial property. German judges did not admit the property hypothesis of the right of not being violated by unlawful competition. On the other hand, they could not recognise, probably due to their romanistic education, any right, for instance the right to be protected in the commercial personality as Kohler proposed it, which could be infringed by unlawful competition and therefore find its remedy in law. They argued, that where no express statutory prohibition exists, there is no remedy and no infringement. ⁶⁾ The first statutory provisions were casuistic and imperfect, and only the revised DUG of the 7th. June 1909 provided a general clause, which, in a somewhat progressive way, enabled the judge to give remedies against the different possible forms of unlawful competition.

All these theories have in common the fact, that they try to explain unlawful competition as an infringement of an absolute subjective right. The reason for this may be the need for an injunction even in cases, where there was no fraudulent action on the part of the defendant. This problem existed for instance in the law of passing off and in German law. For the foundation of an injunction against innocent unlawful competition, the German judges could call upon § 823 BGB, which covered the protection of life, body, sanity, property or "another right", by which, in analogy to these rights, the judges understood an absolute subjective right. ⁷⁾ Whereas the German doctrine and jurisprudence upheld the notion of the absolute subjective right, Swiss law departed from it as far as competition law is concerned.

³⁾ Code Civil Art. 1382/83.

⁴⁾ Th. Weiss, *Concurrence déloyale* (Basel 1894) p. 4.

⁵⁾ *Recht des Markenschutzes* (Würzburg 1884).

Unlauterer Wettbewerb (Berlin & Leipzig 1914).

⁶⁾ see Gierke O., in *Zeitschrift für gewerbbl. Rechtsschutz* (1895) IV p. 112.

⁷⁾ O. Germann, *Concurrence déloyale* (Zürich 1945) p. 238.

As long as every canton in Switzerland had its own obligation law, the French speaking cantons followed the French jurisdiction, whereas the other cantons refused, in the whole, to give remedies against unlawful competition. After the unification of the law of obligations in Switzerland in 1883, the Swiss Supreme Court admitted, that damages should be granted against unlawful competition, in application of the general rules concerning the action of damages, which provide that every body who, by an unlawful act, done intentionally or negligently, causes damages to another person, should be held liable for the damage. The action against unlawful competition differed, however, from the general action for damages in that a qualified intention was required, i.e. the express intention to canvass custom by means which were against good faith.⁸⁾ It thus became a special action analogous to the general action for damages. Such an action however is only given to restrain an unlawful act. An act is unlawful, when it violates either a subjective right or an objective legal duty or when it is both, an infringement of a subjective legal right and of an objective legal duty.

Swiss courts generally admitted at the end of the last century, that competition is unlawful when it infringes the subjective right of the commercial personality, that is the individual right of a trader to be recognised as commercial personality and not to be violated by the deceiving use of his means or signs of individualisation in order to canvass customers.⁹⁾ There are however cases, in which the court mentioned the violation of the right of personality, but did not expressly say, that it was an essential condition for the action.¹⁰⁾

In a third group of cases, the violation of the right of personality is not mentioned and it is only said that unlawful competition is a violation of an objective legal duty, a violation of good faith.¹¹⁾ This gave to the notion of unlawful competition a broader sense, for the violation of the right of personality is always a violation of the principles of good faith.

In the new Code of Obligations of 1912, we find a special provision dealing with unlawful competition. It is clearly stated, that unlawful competition is a violation of an objective legal duty, an act against the principles of equity and good faith. It gives damages, if the act is intentionally or negligently done, and an injunction, if the act is done innocently. But these remedies restrain only the actual or threatened canvassing customers, not the depreciation of the rival trader's business itself. In spite of the statutory solution of the problem, the Supreme Court examined in several cases the

⁸⁾ see BG 57 II 458, 39 II 734, 24 II 718.

⁹⁾ 23 II 1815, 24 II 716.

¹⁰⁾ 26 II 82, 29 II 71.

¹¹⁾ 38 II 560, 34 II 118, 20 II 567.

question as to the violation of the right of personality.¹²⁾ It gave to that notion a rather broad meaning and therefore admitted, that most cases of unlawful competition were in addition an infringement of the right of personality. Nevertheless, there is a clear distinction between the cases before 1912 and those after. Whereas the violation of the right of personality is, in the older doctrine, the criterion determining the limits between unlawful and lawful competition, it is, in application of Art. 48 Swiss Code of Obligations only the consequence of a competition, which, in itself, is unlawful, because it violates the objective legal duty not to act against good faith.¹³⁾

The new statute concerning unlawful competition finally cleared up the whole subject matter and introduced an efficient protection. In a general clause, it provides, that unlawful competition is every abuse of commercial competition by deceiving or other means, contrary to the principles of good faith and gives in the following section some examples of the application of this general clause. Unlawful competition is therefore an abuse of right, an abuse by the defendant of his right to compete freely and is no more mainly regarded as an infringement of a right of the plaintiff. Every trader has a right to compete freely, and within this right, he can compete freely. He abuses his right however as soon as he uses deceiving or other means, which are against good faith. The construction, that unlawful competition is a violation of an absolute subjective right is not necessary, for Art. 2 of the statute provides injunction, order for delivery (*Beseitigungsanspruch*) and rectification for innocent unlawful competition and an action for damages against intentional or negligent unlawful competition. This was clearly stated in a recent decision of the Swiss Supreme Court:¹⁴⁾ “La demanderesse se prévaut de l’art. 28 CC. Si par là, elle entend faire cesser une atteinte à sa personnalité économique, commise par un concurrent, la loi sur la concurrence déloyale du 30 Septembre 1943 est seule applicable. Le but de cette loi, qui a abrogé l’art. 48 CO est en effet d’instituer un système complet de répression contre l’atteinte aux intérêts commerciaux d’une personne physique ou morale. L’art. 28 CC s’applique en revanche lorsque — en dehors de tout commerce — une personne est atteinte dans ses droits inhérents à sa personnalité, comme le droit au nom, le droit à sa propre image, le droit à des valeurs affectives morales etc.”

The new statute therefore does not only protect the subjective rights or

¹²⁾ J. Michel, *Unlauterer Wettbewerb*, (Bern 1946) p. 25/26, 46 II 427, 56 II 36, 63 II 76, 69 II 296.

¹³⁾ A. Jossi, *Unlauterer Wettbewerb* (Bern 1947) p. 23.

¹⁴⁾ 72 II 380, cons. 4, see also 72 II 392, cons. 2.

¹⁵⁾ Germann, *op. cit.* 246, R. Keel, *Unl. Wettbewerb ohne Verschulden* (Bern 1944) p. 19 seq.

interests of others, but also free competition as such.¹⁵⁾ It was therefore necessary to circumscribe the “competentia actionis activa”. Art. 2 of the statute provides, that everybody, whose custom, credit or commercial reputation are diminished or threatened to be diminished, can claim a legal remedy. It gives furthermore a right to bring an action to customers, who are violated in their commercial interests as well as to trade unions, which are, by statute, allowed to protect the commercial interests of its members.

As to the “legitimatia actionis passiva”, even a third party can be the author of an unlawful act by encroaching on competition in favour of a certain rival trader. For competition becomes unlawful, when one trader’s achievement is created at the expenses of a rival trader, in abuse of his achievements or means of individualisation, and without an adequate proper accomplishment.¹⁶⁾ Such proceedings, bound or calculated to injure a rival trader or to give to one’s own offer an advantage, may be accomplished by a trader in competition or by a third party, favouring a competing trader. Whoever does it, the relationship between competing traders, governed by the general principles of free competition and good faith, is directly or indirectly violated by an unlawful act.

3. *Unlawful competition in English law.*

In English law, the problems relating to unlawful competition are not, in method, solved in a similar way. This is due to its casuistic approach to the questions involved, which approach is based on various reasons, some of them we shall mention below. Nevertheless, Prof. Winfield¹⁷⁾ stated as a general rule, that the first point to make is that trade competition as such is lawful, however ruinous it may be to those who are beaten in it, for it is worth more to the public than it costs to the unsuccessful competitor. It could be deduced from this, that English law protects, like Swiss law, free competition as such against the abuse of the competitors. Does it, however, recognize the doctrine of abuse of rights? The essence of this doctrine is that legal rights are conferred by the community, that therefore, they cannot countenance antisocial use by individuals. This content and use is governed by the general principle of bona fides, in which the purpose of the law — to protect the interests of the community and to guarantee to the singular person esteem of his personality — is expressed. The exercise of subjective rights becomes abusive, when the general interest of the community is injuriously affected, which it is, when an important

¹⁶⁾ see Germann, in Z.B.J.V. (Zeitschrift des bernischen Juristenvereins) (1936). Vol. 72, p. 49, esp. p. 59 seq.

¹⁷⁾ P. H. Winfield, Law of Tort (3rd. ed. London 1946) p. 582.

social or individual interest is sacrificed to a less important, though hitherto legally recognised subjective right.¹⁸⁾

The extent of recognition and application of the ideas of this doctrine in national law depends in the first place on the tendencies the law follows, i.e. whether it is governed by a strong individualism or whether it tends more towards a collective outlook, and secondly on the different approach of the sources of the law. Countries with a broad codification may follow the positive or critical method in the application of the law; countries without general legislation may follow a strict and narrow theory of precedent or recognise certain general rules, which govern the law.

The question whether the prohibition of abuse of rights is a general principle in English law depends also to a certain extent upon whether English law concerning tortious liability is a law of torts or a law of tort. It will be seen that it is a law of torts with a tendency to become a law of tort. It is therefore clear that the theories of abuse of rights and relativity of rights in general have no place in the Common law. Even the Court of Equity in the past applied a Common law rule, where the legal analogy was not in question.¹⁹⁾ "The law of England", said Prof. Gutteridge²⁰⁾, "has refused to give its imprimatur to the theory as a general principle." It would be, however, an exaggeration to say that the notion of abuse of rights is entirely excluded. An exclusion as a general principle is a logical consequence of the casuistic feature of English law, especially of the law of torts, in which a main part of civil wrong finds its legal sanction. But as more English law of torts tends to become a law of tort, as less difference will be found in the outlook of English and Continental law toward the doctrine. These differences will then mainly have their reasons in a more or less individual conception of national law.

English law, in the last century, was permeated by a strong individualism.²¹⁾ *Bradford v. Pickles*²²⁾ and other decisions²³⁾ affirm the principle of private enterprise and appear to give almost unlimited scope to the pursuit of private economic interests. But only a few years later, Dicey²⁴⁾ noted the growing force of collectivism in public opinion. The doctrine of abuse of rights was cited by the authors as witness of the changed attitude in legal and general opinion toward the respective spheres of private rights

¹⁸⁾ H. Lauterpacht, *Function of the law in the international community* (Oxford 1933) p. 286 seq. Egger, *Komm ZGB* 2 N. 1.

¹⁹⁾ & ²⁰⁾ Gutteridge, *Abuse of Rights* in 5 *Cambr. L. J.* p. 30.

²¹⁾ See Friedmann in (1943) 21 *Canadian Bar Review*, p. 369 seq.

²²⁾ (1895) *A.C.* p. 597.

²³⁾ *Allen v. Flood* (1898) *A.C.* 1.

Nordenfelt v. Nordenfelt (1894) *A.C.* 535.

Mogul S. S. & Co. v. Mc Gregor (1892) *A.C.* 25.

²⁴⁾ *Law and opinion in England during the 19th. c.* (2nd. ed. London 1914) esp. 245 seq.

and community interests. The net result of the discussion, however, which can be registered since the end of the last century, is not very great. As regards the use of real property, the decision in *Hollywood Silver Fox Farm v. Emmet* ²⁵⁾ affords an interesting illustration. To gain in general a more comprehensive meaning of the principle, it would be necessary to clear up the definitions of the respective limits of private and public interests in the different branches of the law. ²⁶⁾ English judges have not done it in the past, they have been disinclined to work out clearer limits between common and singular interests on a broad scope. Nevertheless, there is a tendency to modify the rigid individualism of Common law.

It may be a consequence of the individualism in English private law, in particular in competition law, that for the determination of the unlawfulness, the result of the act of the defendant was examined rather than the act itself. In several torts like slander of title and interference with goodwill, an infringement of an absolute subjective right by the defendant is a main condition. In most cases, it is a property right, in some cases like trade libel, it may amount to a personal right. Furthermore, the passing off action in its origin is clearly based on the same ground. Whereas Common law asked for an infringement of a personal right. Equity required the violation of a property or quasi property right. There are, however cases, for instance concerning slander of goods ²⁷⁾ later passing off cases ²⁸⁾ and cases of interference with freedom of contract ²⁹⁾ which seem to be decided on the ground of an objective legal duty, i.e. according to equity and good faith. Especially the passing off action seems to develop in this direction.

The same individualistic tendencies may have induced the Common law courts to require culpability. While slander of title requires knowledge of the falsity of the complained statement, it was admitted as to passing off, that fraud is an essential condition for liability. The same applies to unlawful threats and interference with freedom of contract, where intention or knowledge of an existing contract must be proved. Only Equity, on the property hypothesis, gave an action for innocent infringements, except in slander of title, where it interfered with the Common law jurisdiction in a rather unhappy manner.

²⁵⁾ (1936) 2 K.B. 468.

²⁶⁾ In one branch of the law, this question has been formulated. A restrictive covenant, to be valid law, must be reasonable between the parties and consistent with the interests of the public. *Nordenfelt v. Nordenfelt*, (1894) A.C. 535, Lord Macmillan in *Vancouver v. Vancouver* (1934) A.C. 189, see also Lord Birkenhead in *Ellistrim v. Ballymacelligott* (1919) A.C. 562.

²⁷⁾ See *Thorley's Cattle Food v. Massam* (1880) 14 Ch. at p. 779.

²⁸⁾ *Sales Affiliated v. Le Jean* (1947) 1 A.E.R. 287.

²⁹⁾ *De Francesco v. Barnum* (1890) 63 L.T. 322.

Furthermore, proof of special or general damage, or at least proof of likelihood of damage is required in most forms of unlawful competition. Sometimes, for instance in passing off cases, even the effect on the public, i.e. whether there is an actual or probable deception, must be considered.

Though the law, as to these subject matters, developed doctrinally from established principles in the law of torts, has not yet elaborated a generalized standart for measuring trade practice, like, for instance, the standart of reasonable care in negligence, yet there is a tendency of the law, especially concerning passing off, in the direction of enforcing increasingly higher standard of fairness or commercial morality in trade.

This development is accelerated by an element of considerable importance, namely, the type of relief available. In trade mark infringement and traditional unlawful competition cases, an injunction against future continuance of the condemned practice is frequently granted, while recovery of damages or profits is denied even though harm has been suffered by the plaintiff and profits have been made by the defendant. This is sometimes due to the impossibility of satisfactorily assessing harm or profits or of tracing the causal connection between them and the defendant's conduct. More frequently, it is due to the idea that, while the defendant should be restrained for the future, it may be unjust or inexpedient, in view of his good faith, purpose or other circumstances, to compel him to pay damages or to account for profits. Such flexibility promotes change. It facilitates the condemnation as illegal of practices which were not previously so regarded and thus aids the development of this branch of the law.

Chapter 2.

THE METHODICAL SOLUTION IN ENGLISH LAW:

1. *Competition law, a part of the law of torts.*

English judges started a long time ago to deal with problems concerning unlawful competition. But no uniform competition law has been elaborated till now. The decisions are scattered over the wide field of the law of torts, some are to be found in the law of property. While passing off and interference with goodwill are mainly concerned with unlawful competition in the continental sense, slander of title, interference with freedom of contract and unlawful threats are not limited to it. The law relating to the subject matter is still split up, because some of its main forms are still deeply rooted in the law of torts. Thus, the law as to slander of title developed largely from the rules which impose liability upon one who disparages the title to property of another. The law as to passing off, since the misrepresentation was mainly calculated to cause harm to another competitor, was based on an analogy to that of deceit, except for the element of reliance. Whereas the law of slander of title, in principle, remained the same except from an enlargement of the scope of its application and from a development of the principles as to proof of damage, the law of passing off became independent from the principles of deceit, i.e. fraud, and was based on misrepresentation calculated to deceive the public and thereby causing harm to the competitor.

As there exist, due to the casuistic feature of the law of torts, different special conditions as to facts, damage or culpability for instance, which must be fulfilled in order to make an act tortious under the principles of one or the other tort, it is impossible to outline in a precise manner the meaning of unlawful competition in English law. We shall treat closely with the two torts, which embody the principles of the two main groups of unlawful competition and see, how English law works.

There exists, however, in English law a theory, admitting that the law recognises the general principle, that any unjustifiable harm, caused to a person, creates a liability in tort. The chief supporters of this theory are Pollock, Allen, Stallybrass and Winfield,³⁰⁾ though their statements are not in all points similar.³¹⁾ Other authors³²⁾ say that, just as criminal law, the

³⁰⁾ Pollock, *On Torts* (14th. ed. London 1939) p. 1 & 16 seq.

Allen, C.K. in (1924) 40 *Law Quarterly Review*, p. 164 seq.

Stallybrass W.T.S. in *Salmond's: on Torts* p. 15-17.

Winfield P. H., *Law of Tort*, p. 13 seq., *Province of the law of Tort* (Cambridge 1931) 32 seq.

Winfield P. H., in (1927) *Columbia law Review* 27, p. 1 seq.

³¹⁾ See Goodhart in (1938) 2 *Modern Law Review*, 1 seq.

³²⁾ Salmond, *on Torts* (10th. ed. London 1945).

P. A. Landon, in *Bell Yard* (1931) 8, p. 20.

law of torts consists of a body of rules, establishing specific injuries. I believe both theories go too far. The law of torts is not just like criminal law. Where the courts are not bound by precedent, they are biased to hold that, where a man has intentionally or carelessly carried harm to another, a liability in tort is created. And even in the application of precedent, such a tendency can be notified.³³⁾ This argument takes into account, that English law consists of a certain number of specific torts, still influencing precedent, for practice mainly concentrates its attention on existing law. (This point is overlooked by the first mentioned theory). It expresses also the main lines of the actual evolution of the English law of torts. ³⁴⁾ This evolution is favoured, as we mentioned before, by the type of relief available.

2. *The remedies available.*

Before the fusion of the courts in 1873, the main relief granted by Common law courts was damages. Contemptuous damages, a merely derisory amount, are awarded in cases, where the court had formed a very low opinion of the plaintiff's legal claim. Nominal damages are given in cases, where the plaintiff's legal right has been infringed, but where the tort is one of the kind which is actionable per se, i.e. without proof of damage. Though the amount awarded does not exceed 40 s., nominal damages do not connote any moral obliquity on the plaintiff's part. The type commonly awarded are substantial damages, which are intended to represent fair and adequate compensation for the plaintiff's injury. Exemplary damages finally are granted to the plaintiff for the defendant's misbehaviour, consisting for instance in an outrageous attack on the plaintiff's security or in otherwise wanton misconduct on the defendant's part. ³⁵⁾

It may be followed, that the rules concerning damages differ, in effect, not very much from those, given by the Swiss Code of Obligations, Art. 41 seq. Nevertheless, there exist differences as to the conditions. Culpability, for instance, is not always a necessary condition. On the other hand, it is necessary, in torts actionable only upon proof of special damage, to prove such damage even for an injunction.

Whereas damages were the typical Common law remedy, which could be demanded as a matter of right, the injunction is a judgment or order of the court, restraining the commission or continuance of some wrongful act or omission. It was formerly issued only by the Court of Equity. An injunction may be interlocutory or perpetual. It may be prohibitory or

³³⁾ Geldart, *Elements of English law* (3rd. ed. Oxford 1947) 193.

Jenks E. in *Journal of Comp. Legislation* (1932) 14, 210 seq.

³⁴⁾ Geldart, *op. cit.* 194.

³⁵⁾ Winfield, *op. cit.* p. 142 seq. Salmond, *op. cit.* p. 124 seq.

The chief monographs are: J. D. Mayne, *Damages* (11th. ed. London 1946); F. O. Arnold, *Damages and Compensation* (2nd. ed. Ldn. 1919).

mandatory, i.e. the defendant is forbidden to commit or continue the injurious act or he is ordered to undo the evil. Another equitable remedy is the account of profits, which is of a certain importance in competition law, especially in passing off.³⁶⁾

Statutory remedies form a third group. There exists a general rule that, where a Common law right or remedy already in existence is extinguished by a statute, it disappears, but where the statute does not expressly or by necessary implication do this, there is no such presumption.³⁷⁾

We have now to examine, under which conditions courts may, to-day, grant Common law, Equite or Statutory remedies against unlawful competition. It cannot be done without a simultaneous examination of the relations between Common law, Equity and Statute law and its influence on competition law.

3. *The relation between Common law, Equity and Statute law and its remedies.*

Common law holds the key position in English private law, it is the heart in the function of its body. It consists of positive rules and remedies, developed by the jurisdiction of the King's courts, of general usages and customs and of elementary principles. The law of torts, in particular, is a branch of the Common law. Up to the middle of the last century, damages was the main remedy against tortious acts.

Equity, on the other hand was, for a long time, the *ius aequum* to the strict Common law, the latter being governed by a certain number of forms of actions. The Chancellor decided a case, which came to him, according to good faith and did not dismiss it by reason of misleading or defect of form. Thus, he slowly began to state new rules of law. Later, Equity was moulded by the respect paid by the Chancery judges to the decisions of their predecessors. The doctrine of binding force of precedent turned finally the principles of fair dealing into a settled system, in its technical character no more different from Common law. The rules of Equity thus assumed their final shape as a second body of judicial rules, existing side by side with the Common law and complementary to it. Equity dealt with branches of the law, with which Common law could not in general interfere, or if at all, only insufficiently. Breach of trust and misrepresentation are two of them. But I think it is correct to say, that Chancery provides, in our modern time, no more equitable jurisdiction (in the continental sense) than Common law judges do.

³⁶⁾ Winfield, op. cit. 149 seq.

³⁷⁾ Craies W. F., Statute law (4th. ed. London 1936) p. 213 & 287.

Barnes v. Irwell Valley Water Board (1939) 1 K.B. 21.

Read v. Croydon Corporation (1939) 108 L.J. K.B. 72.

Up to 1873, Equity was administered separately in the Court of Chancery, while Common law was only applied in the Courts of Common law. The relation between the two systems, however, was in the whole not one of conflict. Equity admitted the law, but specified it under particular circumstances. In passing off, for instance, it admitted that fraud is not an essential condition to create liability and gave an injunction against innocent passing off. Common law gave its action for damages only, when fraud in the defendant was proved. Equity was, therefore, not a self-sufficient system, but supposed the existence of Common law and created only appendices to it.³⁸⁾ Nevertheless, some conflicts may be remarked, in particular in the 19th. century, which saw a rapid development and increase of equitable jurisdiction, which sometimes overlapped the Common law jurisdiction.

The abolition of the forms of actions in the middle of the last century and the introduction of a new, unified machinery of justice by the Judicature Act 1873³⁹⁾ combined the two systems as far as procedure was concerned, and instituted an undivided jurisdiction. In the High Court of Justice, composed of King's Bench Division, Chancery Division and a division for Probate, Divorce and Admiralty, Common law judges as well as Chancery judges now apply principles of Equity and principles of Common law, though there is a custom that Equity cases are mainly dealt with in the Chancery Division. But in spite of that, it must be understood that the substantial distinction between Law and Equity has not yet been abolished. The applicant must still satisfy the court that he can bring his case within some principle, which would have given him relief either at Common law or Equity before the Act. And according to the principle, by which the case is governed, the remedies are either legal or equitable, for instance damages or injunction.

Equity jurisdiction was, before the Judicature Act, sometimes exclusive, sometimes concurrent or auxiliary. There were rights, which were protected only by Equity rules and still are, and the remedies are therefore purely equitable. There were, on the other hand, rights, which were protected by Common law and Equity, i.e. concurrently. In certain cases, Equity only temporarily intervened, without giving a final decision, but in order to facilitate the protection by the Common law courts (i.e. auxiliary).⁴⁰⁾

Where there existed concurrent or auxiliary Equity jurisdiction, a plaintiff could, before the Act, claim for a Common law remedy and for Equity protection in subsequent actions. In claiming Equity protection, he got

³⁸⁾ F. W. Maitland, *Equity* (Cambridge 1932) p. 17 seq.

³⁹⁾ 36 & 37 Vict. c. 66 see now Supreme Court of Judicature (Consolidation) Act 1925, 15 & 16 Geo 5, c. 49.

⁴⁰⁾ See as illustration Lord Chancellor Cottenham's dictum in *Motley v. Downman* (1837) 3 My & Cr. 1, at p. 14.

equitable reliefs, (account of profits, specific performance, injunction), in claiming Common law protection, he got Common law remedies (damages for instance). The Common law Procedure Act 1854 ⁴¹⁾ gave to the Common law courts a limited competence to grant some equitable remedies. Accordingly, Chancery, by the Lord Cairns' Act 1858 ⁴²⁾ received competence to give, within narrow bounds, legal remedies. The Judicature Act 1873 achieved the consolidation as to procedure, as we have seen. As far as substantial protection is concerned, it did not alter. Where, therefore, a legal right was protected before the Act by Common law and Equity, such right is, to-day, as well protected by both systems, and the judge can give at the same time the Common law and Equity reliefs. Whereas Common law remedies can be demanded by the parties as a matter of legal right, Equity remedies are discretionary.

This is important with respect to unlawful competition, especially fraudulent passing off and slander of title. Equity, by means of its concurrent protection in this branch of the law, introduced the application of the injunction in order to stop perpetration or continuance of tortious competition. The injunction thus fulfils the function of the delictual "Unterlassungsklage" in the Continental systems and can be granted in concurrence with damages.

In innocent passing off, Equity went its own way. As we shall see, it granted an injunction, whereas Common law gave an action only against fraudulent passing off. For these cases, where Equity was not in accordance with Common law, the Judicature Act provided, that Equity should prevail. ⁴³⁾ It is therefore undoubted, that the High Court can give an injunction against innocent passing off, whereas concerning damages, the question is not yet settled. In the law as to innocent misrepresentation, by which innocent passing off was influenced to a certain extent, it was held, that damages could not be awarded. In *Heilbut v. Buckleton* ⁴⁴⁾ a difference between Common law and Equity is shown and the decision is in accordance with the classical point of view concerning the relations between the two bodies of case law.

In this case, the plaintiff asked a local manager of a firm of rubber merchants, who had underwritten a large number of shares in a rubber and produce company then in course of formation, whether his firm were bringing out a rubber company. The manager replied that they were. The plaintiff then asked whether the firm was all right. The manager answered, that his firm were bringing is out, to which the plaintiff rejoined that this

⁴¹⁾ 17 & 18 Vict., c. 125.

⁴²⁾ 21 & 22 Vict. c. 27.

⁴³⁾ Maitland, op. cit. p. 148 seq. E.C.S. Wade, in Cambridge Legal Essays (1926) p. 295 seq.

⁴⁴⁾ (1913) A.C. 30.

was good enough for him. He bought a certain amount of shares. The shares, having afterwards fallen in value, the plaintiff brought an action against the firm for damages, alternatively based either on false representation or breach of an alleged warranty, given by the defendants that the company was a rubber company. The first instance court and the Court of Appeal held, that in describing the company as a rubber company, the manager had given a warranty as alleged, and damages and costs were given for the plaintiff, because one of the reasons of the devaluation of the shares was, that the company in formation was as well a produce company and had troubles to produce. The House of Lords reversed the decision on the ground that, as the plaintiff desired a Common law remedy, he must rely upon a Common law rule and that no reference at equitable doctrine would be sufficient. Lord Moulton ⁴⁵⁾, after having stated, that the representation of the manager did not amount to a collateral contract, comes to the conclusion, that it is settled law that only for fraudulent misrepresentation, damages could be awarded. ⁴⁶⁾ It must be added, that there is a Common law rule, that no damages may be obtained for an innocent misrepresentation, which has not actually been embodied in the terms of a contract. Equity, on the other hand held, that the defendant could, in such a case, rescind the contract or resist a suit for specific performance.

These rules relating to the differences and relations between Common law and Equity, as we have stated them now, describe the classical point of view of the problem. They have been elaborated by judges and authors, which were still, to a certain degree, influenced by the old forms of actions and the separate jurisdiction in Equity and Common law, abrogated and amalgamated in the last century. To-day, there is, especially on the side of Common law judges, a tendency to disregard to a certain extent this strong and formalistic separation of the two bodies of rules, to apply them in a way fulfilling the task of good law and jurisdiction. To a certain degree, they are inclined to give back to Equity the sense it originally had, to be "aequitas".

Nelson & others v. Larholt ⁴⁷⁾ may give proof. It was a case, governed by the principle, that money, taken from a rightful or beneficial owner without his authority can be recovered from any person into whose hands it can be traced unless and until it reaches one who receives it in good faith and for value and without notice of the want of authority. In Equity, it took the form of an action to follow money impressed with an express trust or with a constructive trust owing to a fiduciary relationship.

⁴⁵⁾ *ibid*, at p. 45.

⁴⁶⁾ see also *Redgrave v. Hurd* (1881) 20 Ch., p. 1 esp. per G. Jessel M. R. at p. 12.

⁴⁷⁾ (1947) 2 A.E.R. 751.

In Law, it took the form of an action for money had and received or damages for conversion of a cheque.

The facts were the following. An amount of money belonged to the estate of one B., who died in 1942. He appointed two persons as executors. One, P. lived in England, the other, R., in Australia. P. opened an executors' account and drew a number of cheques in favour of the defendant L. The defendant said, that he gave the money back to P., who used it for personal purposes. R., together with the beneficiaries of the estate, brought an action. It was held, that the defendant knew of the absence of authority, and therefore judgment was given against him for the amount of the cheques handed to him. The judge, Denning J. did not specify whether he followed Common law or Equity, but amalgamated the two actions. He said: "It is no longer appropriate, however, to draw a distinction between Law and Equity. Principles have now to be stated in the light of their combined effect. Nor is it necessary to canvass the niceties of the old forms of actions. Remedies now depend on the substance of the right, not on whether they can be fitted into a particular frame work. The right here is not peculiar to Equity or contract or tort, but falls naturally within the important category of cases where the court orders to restitution, if the justice in the case so requires."

Denning's opinion may, with other reasons we shall examine, afford a justification for our solution of the question as to damages or account of profits in innocent passing off.

Statute law is the third ingredient of the English legal system. In its effect, it is stronger than case law, for there is a supremacy of Statute law over Common law and Equity. Parliament as the authoritative legislative body has a power to override decisions of the courts. On the other hand, judges cannot question a Parliamentary Act. They are even bound by legislation, which has been delegated by Parliament, as long as it can be justified by reference to some Act of Parliament. ⁴⁸⁾

It is, however, as Holdsworth ⁴⁹⁾ said, on matter of public law rather than private law, that the influence of the Statutes has been the strongest. On matter of private law, in particular torts and contract, it has been weak. Here, Statute law has only intervened occasionally to amend and to supplement. It often only puts in a convenient form the principles evolved by the courts. So it may well be said that in the law of torts, Statute law is a supplement of or an appendix to the Common law. The development of the Trade Marks Act out of the jurisdiction and the protection of registered firm names by the Companies (Consolidation) Act, referred to in the chapter on passing off, are illustrations. It may be sufficient to

⁴⁸⁾ C.H.S. Fifoot, *Eng. law and its background* (Ldn. 1932) p. 9.

⁴⁹⁾ Some lessons from our legal system (New York 1928) p. 45.

state here, that an act, whereby the defendant's right to a patent, copyright, trade mark or trade name is infringed, finds mostly its more particular remedy in some statutory provisions. The plaintiff will therefore prefer to claim a statutory remedy. Common law remedies are, however not absolutely excluded, i.e. they can be claimed, alternatively.⁵⁰⁾

The fact, that in English private law, in particular in torts and contract, Common law is wider and more fundamental than Statute, has not only influenced the construction of Statute, but also its interpretation. A general intention is presumed in the legislation to fit new enactments into the structure of the law, effecting no more change than the occasion demands. That leads to rather narrow method of interpretation.⁵¹⁾ English law is, more than Continental law, inclined to an interpretation following "rationem verborum". Apart from the tendency to give to the words an absolute meaning, the effect of the theory of precedent and the rule, that if a word or a sentence has once been given a judicial meaning, it is deemed to bear that meaning in all subsequent statutes and cases, tend to perpetuate the rigidity of literal interpretation in English law.⁵²⁾ All this springs from a conviction, characteristic to English law and based on long experience, that a sound and rigorous principle, once laid down in a formula of words, has to be regarded with respect.

It would lead too far to deal in detail with this subject matter. It was, however, of practical interest to point out the existing difference between the English and Continental method of interpretation. The different interpretation of international conventions, in particular, may lead to striking controversies. *Ellerman v. Murray*⁵³⁾ is a good illustration.

4. *The theory of precedent.*

Finally, a few words about the theory of precedent should be added. It is difficult to explain theoretically, what precedent is, and it can be understood only after studying a set of subsequent cases and decisions. The next chapter may give an illustration of the practical application of precedent. Here, it should be sufficient to mention a few main rules concerning its working.

In order to understand the difference between the approach to precedent in Continental and English law, it is necessary to lay stress upon two points of particular importance.

There is, as we have said, a fundamental difference between English and Continental law as to the approach to the sources of the law. In Con-

⁵⁰⁾ Th. Terrel, on Patents (8th. ed. London 1934) 356, Kerly, on Trade Marks (6th. ed. London 1927) 649 seq. Wheatcroft, Torts, patents & copyright (Ldn. 1913), p. 101.

⁵¹⁾ Allen, *op. cit.* 378 and 415 seq.

⁵²⁾ Gutteridge, Comparative law (Cambridge 1947) 101 seq. esp. p. 104.

⁵³⁾ (1931) A.C. 126.

tinental law, the judge deduces his decision from a general principle in the code. It is to that principle he owes all his allegiance, not to the interpretation of such principle by other judges.⁵⁴⁾

In the Common law system, judges work both, inductively and deductively. They have to search for the principles in previous decisions or for a previous decision on facts which are similar to those under consideration. The rule of guidance so found is to apply in the new case. And it does not matter, whether a decision is based on Common law, Equity or Statute law. As concerns their authority, they are all governed by the same principles. It can be summarized by saying that, whereas precedent in Continental law has more or less a "de facto" authority, the authority in English law is one "de iure."

Another reason for the difference in authority of Continental and English case law is the difference of the judicial systems. On the Continent, there is a large number of courts of appellate jurisdiction, which often reach contradictory decisions. The English judicial system is less ramified. Apart from County courts, which deal only with small litigations, there is only one civil court of first instance, the High Court of Justice, and two courts of appellate jurisdiction, the Court of Appeal and the House of Lords, the latter as final instance. A decision of the House of Lords is binding upon itself and every lower court. So far as it goes, it is the law and can only be altered by an Act of Parliament. Until the middle of the 19th. century, there was some doubt whether the decisions of the House of Lords were binding upon itself. Lord Campell cleared up the matter in saying⁵⁵⁾: "The rule of law which your Lordships lay down as the ground of your judgment, sitting judicially, as the last and supreme court of this Empire, must be taken for law till altered by an Act of Parliament, agreed too by the House of Commons and the Crown, as well as by your Lordships. The law laid down as your ratio decidendi, being already binding on all inferior courts and on all the rest of the King's subjects, if it were not considered as equally binding upon your Lordships, this House would be arrogating to itself the right of altering the law and legislating by its own, separate authority."⁵⁶⁾

A decision of the Court of Appeal is binding upon itself and every in-

⁵⁴⁾ Allen, *Law in the Making* (4th. ed. Oxford 1946) p. 151 seq. For the whole subject matter see K. Lipstein in *Journal for Comparative and International Law* (1946) Vol. 28 p. 35 seq. Lord Wright in (1943) 8 *Cambr. L.J.* 118 seq. Goodhart, (1947) 9 *Cambr. L.J.* p. 349, *L.Q.R.* 50 (1934) p. 40 seq.

⁵⁵⁾ in *Beamish v. Beamish* (1861) 9 H.L.C. 274.

⁵⁶⁾ see also *London Tramway Co. Ltd. v. London County Council* (1898) A.C. 375 *Radcliffe v. Ribble Motor Services Ltd.* (1939) A.C. 215 Lord Wright in (1943) 8 *Cambr. L.J.* p. 144.

ferior court.⁵⁷⁾ As a general rule it may be said that each court is bound by decisions of the courts above it and the courts of equal rank.⁵⁸⁾

From the earliest time of legal records, there was growing a principle of judicial consistency, which became fairly recently that of binding force of precedent. From the 16th. century onwards, decided cases were regarded more and more as definite authority, which, in absence of special reasons to the contrary, had to be followed in the future. In the middle of the 18th. century, the operation of precedent became an integral part of the Common law system. Lord Mansfield insisted on the principle of certainty and consistency of the law, but rebutted at the same time a purely mechanical use of precedent. His constructive judicial method, the exclusion of the lay judges from judicial functions in the courts of appellate jurisdiction, the refinement of the law reports and proceedings lead to an advanced stage of development of the doctrine of precedent, without establishing it, however, in its final shape. With the introduction of a clear hierarchy within the law courts in the middle of the 19th. century, the final establishment of the theory of binding force of precedent became possible.

Precedent as a legal source is used in order to establish the rule of law. The principle is therefore primary, precedent secondary. The judge has to review precedents cited to him, not as a precise formulation of the general and abstract rule of law (like an article in a code), but as a concrete application of some real or supposed rule of law.⁵⁹⁾ Thereby, the difference between the principle involved in a precedent and the precedent as a singular application of the principle, should be made clear. It follows, that a precedent does not give the general principle of law itself, but only decides an actual question according to the principle, which is established or has to be established for such and similar sets of facts. That leads to the differentiation between “ratio decidendi” and “obiter dictum”. The ratio decidendi, the only reflection with binding force, contains no more than the application of an induced principle in so far as is necessary to decide the concrete case. And in so far, this decision has to be followed in a future case with similar facts. The judge cannot say with binding force, that because such is the law under the actual circumstances, it will be the law in general. In so far as his reflections are wider than necessary to decide the case under consideration, they are obiter dicta, i.e. without binding force. They may have highly persuasive force. For the difference between the authoritative and the persuasive sources is one of degree, not of kind. We shall therefore, in the next chapter, often

⁵⁷⁾ *Young v. Bristol Aeroplane Co.* (1944) K.B. 718.

Adair v. Birnbaum (1939) 2 K.B. 149.

⁵⁸⁾ Geldart, *Elements* p. 16 seq.

⁵⁹⁾ Allen, *op. cit.* 232 seq.

call upon dicta of famous judges in order to find the real basis of a decision. Lord Halsbury's statement ⁶⁰⁾ justifies it: "Every judgment", he said, "must be read as applicable to the particular facts proved or assumed to be proved, since the generality of the expressions, which may be found there, are not intended to be expositions of the whole law, but governed and qualified by the particular facts of the case, in which such expressions are to be found. I entirely deny that it can be quoted for a proposition that may seem to follow logically from it. Such a mode of reasoning assumes, that the law is necessarily a logical code."

⁶⁰⁾ in *Quinn v. Leathem* (1901) A.C. 495, at p. 506.

Special Part:

Chapter 1

SLANDER OF TITLE:

1. Definition.

First a definition of what we understand by the expression “slander of title.”

“This tort is”, says Prof. Winfield, ⁶¹⁾ “as Protean in name as in content”, and he is correct. Slander of title historically meant slander of title to real property. In accordance with this, other species of this tort have been named “trade libel, slander of goods and disparagement of quality of goods”. We may here classify the expression in its historical sense as well as the latter expressions referred to as the titles of species under the genus — slander of title — in its modern sense.

As for classification, we may say, that slander of title is closely allied to unlawful competition. Nearly all the more recent cases are instances of interference with business, and many of them are concerned with rival traders, i.e. with unlawful competition. There are, however, cases, which come under slander of title, which are not connected with any wrong to business. ⁶²⁾ Their subsumption under this tort is understandable with regard to the historical development of the action for slander of title. ⁶³⁾ We shall not treat specially with these cases, which are today practically exceptional. But in order to understand the definition of the tort and to see, that English law is not yet susceptible to any cast-iron classification, it was useful to make allusion to them.

Prof. Winfield ⁶⁴⁾ defines slander of title as “a false and malicious statement about a person, his property or business, which inflicts damages, not necessarily on his personal reputation, but on his title to property or on his business or generally on his material interests.”

The false statement must be made not to the plaintiff, but to a third person, concerning the plaintiff. ⁶⁵⁾ In this the tort differs from deceit. ⁶⁶⁾

⁶¹⁾ op. cit. 585.

⁶²⁾ for instance *Shepherd v. Wakeman* (1662) 1 Sid. 79.

Barret v. Associated Newspaper Ltd. (1907) 23 T.L.R. 666.

⁶³⁾ See Holdsworth, *History of English Law*, Vol 8, p. 351-53 Newark, 60 *Law Quarterly Review* p. 366 seq.

Bowen L.J. in *Ratcliffe v. Evans* (1892) 2 Q.B. at p. 527 seq.

⁶⁴⁾ op. cit. 585.

⁶⁵⁾ For another group of cases, analogous to slander of title, but where damage is caused by words spoken to the plaintiff directly, see *Wilkinson v. Downton* (1897) 2 Q.B. 57 seq.

⁶⁶⁾ Salmond, on Torts, 588 Winfield, op. cit. 366. The tort of deceit consists in a false statement, made to the plaintiff himself, whereby he is induced to act at his own loss.

It has to be made by words, but it makes no difference if the words are spoken or written. ⁶⁷⁾ "It is established law", said Bowen L. J., ⁶⁸⁾ "that the action will lie for written or oral falsehood, not actionable per se or even defamatory, where they are calculated in the ordinary course of things to produce, and where they do produce actual damage."

This statement points out the difference between slander of title and libel, because the latter is actionable per se, i.e. without proof of special damage. It shows furthermore the difference between slander of title and defamation. The statement, which gives an action for slander of title may be in some cases to a certain extent defamatory, but it need not to be. ⁶⁹⁾ It is therefore a good distinction to say that a statement, which injures the plaintiff chiefly in his reputation, is governed by the rules of libel and slander, but that a statement, which injures the plaintiff by misleading other persons into action that is detrimental to him, falls within the rule of liability for slander of title. I differ here from Salmond's and Gatley's view inasmuch as I admit that the statement which gives an action for slander of title may have, beneath the primary effect of misleading other persons into action detrimental to the plaintiff, a certain defamatory effect. ⁷⁰⁾ The American case *Hughes v. Samuels Bros.* ⁷¹⁾ is an illustration. Plaintiff and defendants both resided in the same small town. Each was engaged in a retail furniture business and carried on a business of undertaking. Both were well known in the town. The defendants falsely and maliciously composed and published of and concerning the plaintiff the following: "Bear in mind our undertaking department. Satisfaction guaranteed. (Signed) H. L. Hughes." They printed it on cards and sent it to the address of one Albert Cattermore, citizen of the town, whose wife was very ill. The defendants knew this. The card was so mailed as to lead the receiver to believe that the plaintiff had mailed it. It was further said that the defendants sent the card to other addresses under similar conditions. They were held liable in an action for slander of title. I think this case affords a reason which persuaded Prof. Winfield to introduce in his definition the words "not necessarily on his personal reputation". And Bowen's statement ⁷²⁾ is another instance in support of the view above mentioned.

⁶⁷⁾ in *Ratcliffe v. Evans* (1892) 2 Q.B. 525 *Balden v. Shorter* (1933) Ch. 427.

⁶⁸⁾ see under ⁶⁷⁾.

⁶⁹⁾ *Shepherd v. Wakeman* (1662) 1 Sid. 79 *Ratcliffe v. Evans* (1892) 2 Q.B. 524.

⁷⁰⁾ Both seem to deny the possibility that such a statement can reflect also on the plaintiff's personal character. See Salmond, op. cit. 589. Gatley, *Libel and Slander* (3rd. ed. Ldn. 1938) p. 152. It may have its reason in that if the statement is in fact to any extent defamatory, the plaintiff will, in practice, sue in general for defamation and not for slander of title.

⁷¹⁾ (1916) 179 Yowa, 1077, see Ames & Pound, *Cases on the law of torts* (Cambridge U.S. 1919) p. 831 seq.

⁷²⁾ in *Ratcliffe v. Evans* (1892) 2 Q.B. 525.

Having so drawn the limits between the action for slander of title and other actions for tortious wrongs, we must now proceed to examine the essential conditions, which must be proved to succeed with an action for slander of title. They are three in number: ⁷³⁾

- A. False statement to a third person about
 - a) the plaintiff
 - b) his property
 - c) his business
- B. Special damage as a natural result of the false statement.
- C. Malice in the making of the false statement.

2. *The false statement.*

It is not contested that the objects of the false statement are the plaintiff, his title to property or his business. We shall therefore not treat at large with these subdivisions and abstract from a detailed citation of cases, what will follow in part 3 and 4. Nevertheless it may be useful to point out shortly the main groups.

a) *False statement about the plaintiff.*

The false statement may be made about the person of the plaintiff, inflicting damage to his business, his profession. The main difference between cases like *Shepherd v. Wakeman* ⁷⁴⁾ and this group of cases seems to be this: In the last mentioned group of cases, though the false statement is made about the plaintiff's person himself, it is also brought into a certain connection to his business or profession. Support for this conclusion can be found in *Balden v. Shorter* ⁷⁵⁾ or *Shapiro v. La Morta* ⁷⁶⁾. In *Riding v. Smith* ⁷⁷⁾ Kelly C. B. said in the course of the judgment: "It appears to me that if a man states of another, who is a trader earning his livelihood by dealing with articles of trade, anything, be it what it may, the natural consequence of which would be to injure the trade and prevent persons from resorting to the place of business, and it so leads to loss of trade, it is actionable. It is of little consequence whether the wrong is slander or whether it is a statement of any other nature, calculated to prevent persons resorting to the shop of the plaintiff." In the case under consideration, the statement was that Mrs. Smith, who was the plaintiff's wife and assisted him in carrying on his business of grocer and draper,

⁷³⁾ *Royal Baking Powder Co. v. Wright etc.* (1901) 18 R.P.C. 99. *White v. Mellin* (1895) A.C. 154. *Barret v. Associated Newspapers Ltd.* (1907) 23 T.L.R. 666. See supra p. 21 and Winfield, op. cit. 586.

⁷⁴⁾ (1662) 1 Sid. 79.

⁷⁵⁾ (1933) Ch. 427.

⁷⁶⁾ (1923) 40 T.L.R. 39.

⁷⁷⁾ (1876) 1 Ex. 91, at p. 93/94.

had committed adultery with a clergyman. In consequence, several customers ceased to deal with the plaintiff. It was held that an action lies. It is, however, to be remarked, that this case is not one of slander of title, because the statement is not made about the plaintiff, but about his wife. But a certain analogy to the cases of slander of title cannot be denied. Therefore, it seems to be justified to mention this dictum in this connection. ⁷⁸⁾

b. False statement about the plaintiff's title to property.

The disparagement consists here in denying or casting doubt upon the existence or the validity of another person's right, claim, title or interest to or in property. ⁷⁹⁾ It makes no difference what the nature of the property is, the title of which is disparaged. It may be real property ⁸⁰⁾, tangible personal property ⁸¹⁾ or intangible personal property, i.e. a right to a patent, copyright or trade mark. As far as the right to a patent, copyright or trade mark is concerned, not only the disparagement of the plaintiff's title to these rights is actionable, but also the fact, that the plaintiff's trade is affected by a false charge that the goods offered by him for sale are an infringement of the defendant's patent, copyright or trade mark. In practice, the latter of these two statements only is in general the object of a Common law action for slander of title and the cases thereto are numerous. ⁸²⁾ The statement, whereby the defendant falsely charges that a patent, copyright or trade mark, which the plaintiff claims to be his, is not his, and may not be used by him, finds its particular remedy mainly in some statutory provisions, though Common law remedies are not absolutely excluded, i.e. can be claimed alternatively. ⁸³⁾

c. False statement about the plaintiff's business.

In this subdivision we may class all the statements, which consist in a false and malicious depreciation of the quality of merchandise manufactured and sold by the plaintiff (slander of goods) ⁸⁴⁾ and the false statements about the plaintiff's business in general, for instance the publication by the defendant in a newspaper that the plaintiff has ceased to carry on his business. ⁸⁵⁾

Having pointed out shortly the objects and the sort of falsehood, which

⁷⁸⁾ see the reference made to this case in *Ratcliffe v. Evans* (1892) 2 Q.B. at p. 529 by Bowen L.J.

⁷⁹⁾ Gatley, op. cit. p. 156.

⁸⁰⁾ *Pitt v. Donovan* (1813) M. & S. 640. } These two classes of cases will

⁸¹⁾ *Steward v. Young* (1870) 5 C.P. 122. } be excluded of our thesis.

⁸²⁾ for instance *Wren v. Weild* (1869) 4 Q.B. 730.

⁸³⁾ Terrel, op. cit. 356, Kerly, op. cit. 649, Wheatcroft, op. cit. 101.

⁸⁴⁾ *Alcott v. Millar's &c.* (1905) 91 L.T. R. 722 for instance.

⁸⁵⁾ *Ratcliffe v. Evans* (1892) 2 Q.B. 524.

is, with two other elements, the main condition for a liability for slander of title, we have now to deal with two other conditions for liability, i.e. special damage and malice.

3. *Special damage.*

It has been stated in several instances that proof of special damage is indispensable in order to succeed with an action for slander of title.⁸⁶⁾ This means that no damages are recoverable merely for loss of reputation by reason of the slander, but that the plaintiff must prove loss of money or loss of some temporal and material advantage estimable in money as a natural consequence of the use of the false words. A good illustration for this is the case of *Chamberlain v. Boyd*.⁸⁷⁾ This was an action for defamation and not for slander of title. As there exists a certain analogy between the two torts, I shall argue by analogy. It must be noted, however, that it is, in fact, often dangerous to do so in English law. The plaintiff was a candidate for the membership of the R.Club. The defendant was an actual member of the Club. Upon a ballot of the members of the R.Club, the plaintiff was not elected to membership. Subsequently to the said ballot, a meeting of the members was called to consider a proposed alteration of the rules regulating the election of new members. With view to retaining the existing regulations and to securing the exclusion of the plaintiff the defendant spoke and published of the plaintiff the following words: "The conduct of the plaintiff was so bad at the club in M. that a round robin was signed, urging the committee to expel him. As however he was only present for a short time, the committee did not proceed further." The plaintiff alleged that the defendant thereby induced a majority of members of the R.Club to retain the regulation and prevented him from again seeking to be elected to the said club. That he therefore lost the advantage of membership and suffered in his reputation and credit. It was held, that the claim disclosed no cause of action. For the words complained of, not being actionable in themselves, must be supported by special damage in order to enable the plaintiff to sue. And that the damage alleged was not pecuniary or capable of being estimated in money, and was not the natural and probable consequence of the defendant's words. Lord Coleridge expressly said:⁸⁸⁾ "It is incredible that even when these words were believed to be true by a majority of members, they should be so influenced by them as to refuse to change the mode of election. To my mind, it is irrational

⁸⁶⁾ See *White v. Mellin* (1895) A.C. 154.

Royal Baking Powder v. Wright (1901) 18 R.P.C. p. 99 per Lord Davey, at p. 103 per Lord Robertson.

⁸⁷⁾ (1883) 11 Q.B.D. 407.

⁸⁸⁾ *ibid*, at p. 412.

to suppose that the result of that kind could follow from the use of the words complained of." And Bowen L. J.'s opinion was similar: ⁸⁹⁾ "...and it does not follow that under a new electoral body or under any altered rules of procedure, the plaintiff would have been elected. — That appears to me to leave the damage too remote and to place it beyond the line which the law has wisely drawn. The risk of temporal loss is not the same as temporal loss. The risk of suffering loss is not the same as to suffer injury. — The law has said that there must be a loss of some temporal benefit, and the plaintiff has failed to show any."

The mere fact that the words are calculated or likely to cause special damage, is therefore not enough. Actual damage must in fact have accrued to entitle the plaintiff to maintain the action. *Western Counties Manure Co. v. Lawes Chemical Manure Co.* ⁹⁰⁾ is a good illustration. The plaintiffs traded in a certain article of manure and it was alleged that the defendants had falsely and maliciously published of and concerning that manure and of and concerning the plaintiffs' trade and manufacture, a certain statement, which contained in it this — "that it was an article of low quality and should be cheaper than other articles mentioned. That the artificial manures were artificial manures of inferior quality to other artificial manures and especially to those of the defendants."

Certain persons were alleged to have ceased to deal with the plaintiffs by reason of this untrue statement. The judges admitted that it was not a pure puff to the competing rivals production (this would be not actionable, as we shall see later,) but a real slander of goods. Held furthermore, that the plaintiffs' allegation concerning the loss of several customers was good, judgment was given for the plaintiffs.

The necessity of alleging and proving actual temporal loss with certainty and precision in all cases of the sort has been insisted upon for a long time. ⁹¹⁾ And the degree of certainty and particularity with which the damage done ought to be stated and proved, was a very high one in older cases. In *Malachy v. Soper* ⁹²⁾ the plaintiff possessed certain shares in a silver mine, touching which shares certain claimants had filled a bill in Chancery, to which the plaintiff had demurred. The defendant falsely published in some newspaper, that the demurrer of the plaintiff had been overruled, that the prayer of a petition (for the appointment of a receiver) had been granted and that persons duly authorized had arrived at the mines to manage them. All these publications were untrue. The plaintiff alleged being greatly injured in his rights, that the shares were much depreciated, that he had been hindered in disposing of the shares and in

⁸⁹⁾ *ibid.*, 415 seq.

⁹⁰⁾ (1874) 9 Ex. 218 see also *Royal Baking Powder v. Wright* (1901) 18 R.P.C. 95.

⁹¹⁾ see *Ratcliffe v. Evans* (1892) 2 Q.B. at p. 532.

⁹²⁾ (1836) 3 Bing N.C. 371.

working the mine for his benefit. It was held, that though malice could be admitted, the allegation of special damage was not such as the authorities require in cases, where the damage was the gist of the action, and the action was dismissed. Tindal C. J. ⁹³⁾ in giving judgment said: "The doctrine of the older cases is that the plaintiff ought to aver that, by the speaking he could not sell or lease. And that it will not be sufficient to say only, that he had an intent to sell, without alleging a communication for sale. Admitting however, that these may be put as instances only, and that there may be many more cases, in which a particular damage may be equally apparent without such allegation, they establish at least this, that in an action for slander of title, there must be an express allegation of some particular damage resulting to the plaintiff from such slander."

Up to *Ratcliffe v. Evans* ⁹⁴⁾ it can be therefore admitted as a rule that the plaintiff must, in order to succeed in an action for slander of title, be able to prove as special damage, a damage which is pecuniary or estimable in money, and furthermore, that he had to prove a particular instance of loss, for example, that by reason of the words uttered, a particular purchaser had refused to purchase, particular customers had refused to buy further or had countermanded orders.

The application of this rather strict rule produced in some cases, for instance in a case like *Malachy v. Soper* ⁹⁵⁾ a certain hardship. *Ratcliffe v. Evans* ⁹⁶⁾ then brought a development to the theory of special damage. In this case, the defendant, the registered proprietor, publisher and printer of the weekly newspaper "County Herald" which circulated in Flintshire and some adjoining counties, was said to have inflicted damage to the plaintiff, manager and owner of the engineer and boiler-maker business Ratcliffe & Sons in Hawarden (County of Flint) who had carried on his business in succession to his father for many years, by falsely and maliciously publishing and printing certain words in the "Country Herald", which imported that the plaintiff had ceased to carry on his business. The plaintiff proved that the statement was untrue and that he had suffered general loss of business, but could not prove loss of particular customers. The defendant was held liable.

Bowen L. J., in giving the judgment, examined first the precedents and comes to the conclusion, that the law concerning special damage is that we have stated previously. Then he asks whether, in an action like the present, evidence to shew that a general loss of business has been the

⁹³⁾ *ibid*, 384.

⁹⁴⁾ (1892) 2 Q.B. 524.

⁹⁵⁾ (1836) 3 Bing N.C. 371.

⁹⁶⁾ (1892) 2 Q.B. 524.

direct and natural result, is sufficient to maintain the action? He examines cases of personal libel and oral slander and comes to the conclusion, that in cases of libel, actionable per se, general damage may be alleged and proved with generality, but that in slander, actionable per se, this doctrine must be taken with a qualification, that the words complained of must have been spoken under circumstances which might, in the ordinary course of things, have directly produced the general damage, that has in fact occurred.⁹⁷⁾ He refers to *Evans v. Harries*⁹⁸⁾ which is a case of slander actionable per se. The plaintiff was an innkeeper. The slander consisted of words reflecting on the innkeeper in the conduct of his business spoken openly in the presence of divers persons, guests and customers of the inn — a floating and transitory class. The court held that general evidence of the decline of business, due directly to the slander, was rightly receivable. “How”, asked Martin B.⁹⁹⁾ “is a public-house keeper, whose only customers are persons passing by, to shew a damage resulting from a slander, unless he is allowed to give general evidence of a loss of custom.”

Bowen L. J. then passes to the examination of cases not actionable per se and reaches the conclusion, that though many old cases require in such statements proof of actual loss specially and with certainty, cases may occur where a general loss of custom is the natural and direct result of the slander, and where it is not possible to specify particular instances of the loss. He then makes reference to a certain analogy, existing between slander not actionable per se and slander of title. This is not at least justified with regard to the historical origins of the two actions.¹⁰⁰⁾ He says:¹⁰¹⁾ “Damages is the gist of the actions alike. The necessity of alleging and proving actual loss with certainty and particularity in all cases of the sort has been insisted upon for centuries. But it is an ancient and established rule of pleading that a question of generality of pleading must depend on the general subject matter. In all actions accordingly on the case, where damage actually done is the gist of the action, the character of the acts themselves which produce the damage, and the circumstances, under which these acts are done, must regulate the degree of certainty and particularity with which the damage done ought to be stated and proved. As much certainty and particularity must be insisted on, both in pleading and in proof of damage, as is reasonable, having regard to the circumstances and the nature of the acts themselves, by which the damage is done. To insist upon less would be to relax old and intelligible principles. To insist upon more, would be

⁹⁷⁾ Bowen L. J. in *Ratcliffe v. Evans* (1892) 2 Q.B. at p. 530.

For the differences between libel, slander actionable per se and slander not actionable per se, see Winfield, op. cit. p. 234 and 240 seq. esp. p. 244.

⁹⁸⁾ (1856) 1 H. & N., 251.

⁹⁹⁾ *ibid.*

¹⁰⁰⁾ at p. 532 in *Ratcliffe v. Evans*.

¹⁰¹⁾ *ibid.*

the vainest pedantry. The rule to be laid down with regard to malicious falsehood affecting property or trade is only an instance of the doctrines of good sense applicable to all that branch of actions on the case, to which the class under discussion belongs."

Having so elaborated the basic principles, on which he will ground his decision of the particular case, he proceeds to ask what is the degree of certainty and particularity of proof of special damage in the actual case? In order to give the answer, he starts from a dictum, saying, that the nature and circumstances of the publication of the falsehood may require the admission of evidence of general loss of business as the natural and direct result produced, and perhaps intended to be produced. He then refers to *Hargrave v. le Breton* ¹⁰²⁾ which decision, according to his opinion, covers the case in question, and to *Riding v. Smith* ¹⁰³⁾ which case he says comes within the scope of a similar principle. He therefore comes to the conclusion, that under the actual circumstances, proof of general decline of business is admissible evidence for special damage. "In an action for falsehood, producing damage to a man's trade, which in its very nature is intended or reasonably likely to produce a general decline of business, as distinct from the loss of this or that known customer, evidence of such general decline of business is admissible. To refuse it, would be to depart from old rules, would involve an absolute denial of justice and of redress for the very mischief which was intended to be committed." ¹⁰⁴⁾

I personally think that *Ratcliffe v. Evans* ¹⁰⁵⁾ contains a very valuable decision and doubt, if *Hargrave v. le Breton* ¹⁰⁶⁾, to which Bowen L. J. refers as covering the actual case, is quite similar. It was a case of an auction sale, in which the defendant made a false statement concerning the plaintiff's title to the object under sale, which induced the bidders to stop their bidding. A loss could be specified to a certain extent therefore, because the words were uttered in an auction. That is in a somewhat close circle of bidders, some of whom had already started bidding, thereby showing their interest. In *Ratcliffe v. Evans* it was falsehood openly disseminated by the press, and the only thing which could be proved, was a general loss of business and that without reference to particular customers, who had already shown interest to deal with the plaintiff. To admit that here also, proof of general decline of business is enough to admit evidence of special damage, seems to be not an insignificant extension of the evidence of special damage, admitted in *Hargrave v. le Breton*.

Ratcliffe v. Evans shows, how English law has developed. The judge

¹⁰²⁾ (1769) 4 Burr. 2422.

¹⁰³⁾ (1876) 1 Ex. 91, see supra p. 23/24.

¹⁰⁴⁾ see supra p. 24 n. 97.

¹⁰⁵⁾ *ibid.*

¹⁰⁶⁾ (1769) 4 Burr. 2422.

recognizes the whole body of existing precedents, which gives him the rule, that special damage in cases of slander of title must be proved with certainty and precision, i.e. with allusion to a particular customer or to a particular instance of loss. The judge accepts the rule as such, but by means of the fiction of making reference to a general principle of Common law, in concreto "the inherent doctrine of good sense" or "the old and established rule of pleading" he comes to the point, where he is able to decide the case, in analogiam to other, similar cases (not real precedents, however, to the actual case) and within the general Common law principles. In doing that, he goes a step forward and states a useful new rule, under which the possible hardship of the older rule disappears, which enables the jurisdiction to adapt a now wider, more elaborated principle of law to sets of facts, which may occur in daily life. This step opens a wide field of legal development, but for the moment, this development is, with regard to the doctrine of precedent, in practice a fairly small one. For what is the rule in the actual case is only the rule for future cases with the same or very similar facts. For all other cases, the statement remains dictum, though a very persuasive one.

The decision in *Ratcliffe v. Evans* has since been discussed and approved several times. In *Royal Baking Powder v. Wright* ¹⁰⁷⁾ Lord Robertson made allusion to it and stated: "I fully allow that if I am right in holding that the defendants blow at the Appellants' business was intended to strike more than the goods labelled "Registered", then it might be probable that a general loss to the business might ensue; but it is to be observed that, assuming such a case to be permissible in an action for trade libel, the plaintiffs have not made a case of general decline of business, they have gone solely on individual instances." It was a case, where the plaintiffs had two trade marks, containing prominently the words "Royal Baking Powder" to which was added the word "Registered". The marks were expunged from the Register by order of the court. Shortly afterwards, the defendants issued a circular, referring to the said order and threatening anybody who sold "Royal Baking Powder", with legal proceeding. The plaintiffs claimed an injunction, but failed, because the only instances of decline of business they proved, where instances, where the customers refused to sell further the plaintiffs tins, bearing the labels with the word "Registered" printed on it.

In *Worsley & Co. v. Cooper* ¹⁰⁸⁾ it was admitted, in following *Ratcliffe v. Evans*, that special damage is sufficiently proved by the evidence of general decline of business. The defendants, partners in the defendant firm, were formerly in employment of the plaintiff company (a firm of

¹⁰⁷⁾ (1901) 18 R.P.C. 95, esp. at p. 103.

¹⁰⁸⁾ (1939) 1 A.E.R. 290. This was in fact a case of passing off, where proof of special damage would not have been necessary. This was mentioned in the decision.

paper merchants) and afterwards directors. One of the defendants had travelled for several years for the plaintiff company and had prepared a sample book and price lists of the papers which the company sold. In 1937, the defendants set up in business on their own account as paper merchants. They sent to a large number of customers of the plaintiffs a circular, capable of creating the opinion, that Cooper & Co. were successors in business of the plaintiff company. Subsequently, they issued similar price-lists with the only difference, that they gave in some cases to the papers new fancy names. It was held, that the circular and the price lists sent by the defendants were capable of conveying to a recipient that the plaintiffs had gone out of business, and were so worded with an indirect or improper motive. Morton J. ¹⁰⁹⁾ fully discussed *Ratcliffe v. Evans* and came to the conclusion, that the actual case was not as strong. "I think", he said, "that it would be insisting upon too much from the plaintiffs in a case of this kind, when the words used were calculated to lead to damage and loss of custom, and when a general loss of custom is proved, to insist upon more and to say, that instances of special damage must be alleged and proved." Judgment was therefore given for the plaintiffs.

This decision extends rather than restricts the rule in *Ratcliffe v. Evans*.

We can summarize, that special damage, in an action for slander of title, is pecuniary or estimable in money and shown by a particular instance of loss. But that in an action, producing damage to a man's trade, which in its very nature is intended or reasonably likely to produce general loss of business, as distinct from this or that known customer, evidence of such general decline of business is admissible. In one of these forms, however, special damage must be proved to succeed with an action for slander of title, and that even, where no damages, but only an injunction is claimed.

In *White v. Melin* ¹¹⁰⁾ the defendant pleaded, that if it were an action for damages, absence of proof of special damage might be a well founded objection, but that it would be enough, in a claim for an injunction, to prove, that the false statement was likely to be repeated. It was a case of slander of goods. The defendant sold the plaintiff's "Melin's infants Food", affixing to the plaintiff's wrappers a label stating that the defendant's "Dr. Vance's prepared food for infants and invalids" was far more nutritious and healthful than any other. The defendant was in the habit of affixing the label to the wrappers in which "Melin's infants food" is made up for sale. Inside the wrappers was an advertisement of Melin's food, in which Melin's food was stated to be recommended by the faculty as best for infants and invalids. Two analysts and a physician testified, that in

¹⁰⁹⁾ *ibid*, at p. 302-304.

¹¹⁰⁾ (1895) A.C. 154.

their opinion, Melin's food was suitable for infants especially up to the age of 6 months. Evidence further showed, that after twelve months, a farinaceous food (like Vance's food) would be distinctly better. It was held by the House of Lords, reversing the decision of the Court of Appeal and restoring that of Romer J.¹¹¹⁾ that no action would lie and that no injunction to restrain the defendant ought to be granted. The judgment did not state exactly, whether the defendant's act was a false or malicious statement about the plaintiff's goods or a mere puffing advertisement in competition. But it was said, that proof of special damage failed. And the argument, that in an action for an injunction, proof of special damage is not essential to get an injunction, was held bad. Lord Herschell said to this point¹¹²⁾: "I think, that the plaintiff would not be entitled to an injunction, any more than he would be entitled to maintain an action for damages, unless he established all that was necessary to make out that a tort has been committed. If the statement only shewed a part of that, which was necessary to make up a cause of action — that is to say, if special damage was necessary to the maintainance of the action, and that special damage was not shewn — a tort in the eye of the law would not be disclosed, the case would not be within those provisions and no injunction would be granted."

Walton J. however granted an injunction in *Dunlop Tyre Co v. Maison Talbot etc.*¹¹³⁾, though no special damage was proved. The plaintiff company were owners of letter patents for inventions of pneumatic tyres. The french Michelin tyres were infringements of these letters and could therefore be imported in the Kingdom only under licence of the plaintiffs. A licence to import them was granted by the plaintiffs to the Clipper Pneumatic Tyre Co. The defendants, by letter to another company, said, that the plaintiffs were not entitled to import or license others to import into the realm or sell or deal in Michelin tyres. The plaintiffs thereupon claimed an injunction against further such statements of the defendants, and alleged to have been injured by the letter. In the first instance, Walton was of opinion, that an injunction must be granted. Though no actual damage was proved, he argued, that the arguments in *White v. Melin* concerning this point could be understood only in close connection with the facts in that case. In a case like the present, where damage would be the natural and direct result likely to follow and so highly probable that it might be properly described as imminent, an injunction would lie.¹¹⁴⁾ The Court of Appeal reversed afterwards the decision. It was held that the plaintiffs had sustained no actual damage and that the letter was a private letter,

¹¹¹⁾ *ibid*, at p. 163/64.

¹¹²⁾ see (1894) 3 Ch. 276.

¹¹³⁾ (1904) 20 T.L.R. p. 88 (first instance) and p. 579 (Court of App.).

¹¹⁴⁾ *ibid*, at p. 90.

written to a trader, who at once took it to the plaintiffs. That it was therefore impossible to say that in this case -- in the words used by Lord Watson in *White v. Mellin* ¹¹⁵⁾, which was a high watermark in favour of the plaintiff upon this point -- "such damage will necessarily be occasioned to him in the future."

In *British Railways etc. v. The C.R.C. Co etc.* ¹¹⁶⁾ this question was examined again. No actual damage was alleged or claimed in that case. It was held, that in any case, as the plaintiffs were claiming an injunction only, no injunction could be granted as there was no evidence that any damage to the plaintiffs would necessarily arise. Mc. Cardie J., in giving the judgment ¹¹⁷⁾, came to the conclusion, that apart from authority, he would be prepared to hold, that an injunction might properly be granted in the case of threatened slander of title, where the damage would either necessarily or probably result. He said: "The main object of an injunction is to prevent a man from doing that which will presumably give a cause of action to the plaintiff. It deals with the future rather than an existing cause of action."

I agree with Mc. Cardie, that it seems to be strange to hold, that no injunction can be granted, where the plaintiff proves merely that damage will necessarily or probably arise, and yet to grant an injunction to restrain future slandering, where it has already caused damage. Surely, in such an action, the only reason for the grant of an injunction can be that damage will necessarily or probably arise from further publication of the false statement, threatened by the defendant. But there is a striking difference between the two groups of cases. Where damage is proved for actual slander of title and an injunction is claimed for further publications of the false statement, it is obvious, that every further publication may cause further damage and therefore become tortious like the actual slander. But where actual damage is not yet proved, a grant of an injunction would be to prevent the repetition of a statement, which is not yet in itself a slander of title, since no special damage has been proved. It is, however, possible, that an injunction may be granted in future to prevent the repetition of a statement, which has not yet caused actual damage, but where actual damage can be admitted with certainty and surety to occur in the future. But the courts will, if they go his way, demand a very persuasive proof concerning the future or imminent damage. Up to our time, I cannot find such a case. ¹¹⁸⁾

¹¹⁵⁾ (1895) A.C. at p. 167. Lord Watson was of opinion, that an injunction should be granted in *White v. Mellin*.

¹¹⁶⁾ (1922) 2 K.B. 260 seq.

¹¹⁷⁾ *ibid*, at p. 272.

¹¹⁸⁾ see also W. B. Odgers, *Libel & Slander*, (London 1929) 342-44. Gatley, *op. cit.* p. 162 & p. 709.

4. *Malice:*

Present day authorities agree, that an action on the case for words requires proof of malice to support it. What is malice, however, produced different answers. ¹¹⁹⁾ Odgers and Spencer Bowen ¹²⁰⁾ are satisfied, if the defendant interferes officiously without just cause or excuse. Fraser and Salmond ¹²¹⁾ require a corrupt motive. Gatley ¹²²⁾ demands an intention to injure, with the presumption that a knowledge of the falsity or reckless indifference to the truth imports an intention to injure. Pollock ¹²³⁾ simply requires knowledge of the falsity. Furthermore, Fraser, Gatley and Odgers ¹²⁴⁾ suggest that a different rule may apply in the case of slander of goods from that, which applies to the other forms of the action for slander of title. Newark ¹²⁵⁾, after the examination of cases up to the end of the last century, comes to the conclusion, that the plaintiff, in a simple action on the case for false and damaging words, needs to prove no more that the words were spoken or published with an intent to disparage, but that the plaintiff has to prove malice in the sense of a bad motive, should the defendant raise a defence of privilege (e.g. claim of title in the defendant, words spoken by legal advice, interest or duty to intervene.)

I think the problem has its real roots in a very general question of law. Every person is allowed to make statements about other persons, their property or business. But when such a statement is false, what is the criterion which makes it, apart from special damage produced by it, a wrong in the sense of the law. Is it a subjective element, a malicious state of mind, the selfish motive to injure other persons, or is it an objective element, the fact, that the statement is a violation of the plaintiff's right in its objective limits, in which it is entitled to be protected. Here, the limits would be necessarily objective. English law, however, develops its rules out of singular decisions. Let us therefore examine the cases.

I shall not make the differentiation between "simple and privileged cases" Newark made. ¹²⁶⁾ For simple cases, he admits, that an action will lie where the speaker utters words with disparaging import in order to convey this import, but that no action will lie where the speaker is unaware of the disparaging import. He concludes that thereby an intent to disparage is proved. This is a way of conclusion, but it could as well be argued, that the knowledge of the disparaging character of the words is in reality the

¹¹⁹⁾ in (1944) 60 L.Q.R. p. 366 seq.

¹²⁰⁾ Odgers, op. cit. p. 69, Bowen, *Defamation* (2nd. ed.) 213/14.

¹²¹⁾ Fraser, *Libel and Slander* (7th. ed.) 46, Salmond, op. cit. § 151.

¹²²⁾ op. cit. 152.

¹²³⁾ *Law of Torts* (10th. ed.) 243.

¹²⁴⁾ Fraser, op. cit. 50, Gatley, op. cit. 167, Odgers, op. cit. 79.

¹²⁵⁾ loc. cit. 376.

¹²⁶⁾ loc. cit. 366 seq.

essential element. And dealing with *Banister v. Banister*, a case which occurred in the 16th. century and which is classed by Newark under the heading of the so called privileged cases, he says: "Obviously, such a privilege was necessary, otherwise bona fide claimants might be deterred from putting forward their claims. There is no mention of malice or special intent to injure. Indeed, the exception laid down would be otiose, if intent to injure or knowledge of the falsity were to be account a condition of liability." It was a case, where the plaintiff, son and heir of his father, was said to be a bastard. Action was allowed, because the statement tended to disherison. But the judge resolved that, if the defendant had pretended that the plaintiff was a bastard and that he, the defendant, was the next heir, then no action would lie.

I doubt whether the conclusions of Newark are in accordance with the judgment in this case or with the rule, given by him, that in cases of privilege, proof of malice in the sense of some dishonest motive is necessary.

The question as to what malice is, is probably such a disputed one, because not enough stress has been laid upon the differences between malice as a fact and the facts which prove malice. We shall deal with this question later and state, that malice, necessary to sustain an action for slander of title means the intentional uttering of disparaging words. And that as well in the simple as in the privileged cases. For the intentional uttering of disparaging words means a deliberate, i.e. not unconscious uttering of words, which, in fact, are disparaging. That is compatible with the speaker's desiring them to disparage. And though it seems that in some cases more is required to make out malice in slander of title, mere knowledge that the words are disparaging seems to be enough.

There are several cases, which can be cited in support of this view. In *Pitt v. Donovan* ¹²⁷⁾, the law as to this question was placed upon a reasonably clear basis. ¹²⁸⁾ The defendant, brother-in-law of Y, conveyed in a letter to A, who was about to purchase the estate of the plaintiff X, that the title would be disputed, because Y, from whom the plaintiff bought the estate, was insane at the moment of the contracting with the plaintiff. A therefore refused to complete the purchase. It must be added, that the defendant would have been the legal heir of Y, if the latter had died without posterity, and that Y was aged. It was held, that an action for slander of title would lie, if the statement of the defendant was false and the defendant's acting not bona fide. General evidence of Y's sanity was given afterwards, but it was added, that he was a man with a most eccentric disposition and habit.

¹²⁷⁾ (1813) M. & S. 639.

¹²⁸⁾ see Mc. Cardie in *British Railway Traffic v. C.R.C.* (1922) 2 K.B. p. 269.

In giving the judgment, Lord Ellenborough said as to malice ¹²⁹): "If what the defendant has written be most untrue, but nevertheless he believed it, if he was acting under the most vicious of judgments, yet if he exercised that judgment bona fide, it will be a justification to him. — The question then distinctly is, whether in his communications which he made, he acted bona fide. I am aware that there are many things reprehensible in the letter, but they are not slander of title, if he believed them." And Bayley J. said ¹³⁰): "The question here is not what judgment a sensible and reasonable man would have formed in this case, but whether the defendant did or did not entertain the opinion he communicated."

In *Western Counties Manure Co. v. Laws Chemical Manure* ¹³¹) Baron Bramwell came to the following conclusion: "It seems to me however, where a plaintiff says: You have without lawful cause made a false statement about my goods to their comparative disparagement, which false statement has caused to loose customers, an action is maintainable. — On a general principle therefore, that an untrue statement disparaging a man's goods published without lawful occasion, and causing him special damage, is actionable, we give our judgment for the plaintiff." This judgment does not give an express answer as to what is malice. The dictum above, however, can be cited in support of our view of the notion of malice. The uttering of a false and disparaging statement with knowledge of its false and disparaging character can hardly be a lawful occasion, and there is no case to my mind, where a lawful occasion has been admitted under such circumstances.

In *Thorley's Cattle Food v. Massam* ¹³²), Malins V. C., with reference to Bramwell's dictum, concluded: "I think these cases at law thoroughly establish this: that, where one man establishes that which is injurious to another in his trade or business, that publication is actionable." The case in question was a case of slander of goods. The defendants had published an advertisement warning the public that any goods purporting to be Thorley's Cattle Food and not signed by their trade name "Joseph Thorley" were not of their manufacture, and alleging that they were the only persons possessed of the secret recipe according to which the food was compounded, and had published also a circular stating that the plaintiffs were seeking to foist upon the public an article which they pretend is the same as that manufactured by the late Joseph Thorley. The defendants were the executors of the late Joseph Thorley, the inventor of the cattle food, and they were carrying on his business. But the sate-

¹²⁹) *ibid.*, p. 645 seq.

¹³⁰) *ibid.*, 649.

¹³¹) (1874) 9 Ex. 218, for facts, see above p. 26.

¹³²) (1880) 14 Ch. 763 esp. p. 779.

ment, that they alone possessed the secret recipe and the suggestion, that the goods of the plaintiffs were not prepared according to it, were both false, for one Josiah Thorley, a brother of Joseph Thorley, who had obtained the recipe from him, was manager of the plaintiff company. ¹³³⁾

An injunction was granted at the trial to restrain the defendants from advertising, or representing, or suggesting in their advertisements or circulars, that they, or the proprietors of their testator's business, were alone possessed of the secret recipe, and from representing or suggesting, or doing anything calculated to represent or suggest, that the cattle food manufactured or sold by the plaintiffs, was spurious or not genuine.

In *Halsey v. Brotherhood* ¹³⁴⁾, Baggalley J. made allusion to the Thorley case in saying: "In *Thorley's Cattle Food v. Massam* two documents were issued by the defendants, which were not only false, but which must have been untrue within the defendants' knowledge. There was, therefore, material from which the want of reasonable and probable cause could be inferred."

In *Shapiro v. la Morta* ¹³⁵⁾ again, especially in the decision of the Court of Appeal, it was held, that proof of knowledge about the falsity and disparaging character of the falsehood should be admitted as proof of malice. The defendants, proprietors of the music hall, engaged Mr. Bernhard to sing at their music hall during a week in January 1923. The plaintiff, a professional pianist, had accompanied Mr. Bernhard in former concerts. Mr. Freeman, the defendants' manager, was informed by Mr. Bernhard sometimes before the concerts, that he would be accompanied by the plaintiff and that Mr. Freeman was to act on that unless he was told to the contrary. Mr. Freeman therefore had programmes and posters printed with the name of the plaintiff as accompanist. In truth, Mr. Bernhard had failed to agree terms with the plaintiff. Mr. Freeman did not know it till the afternoon of January 8, (in the evening, the first concert took place) too late to print other programmes and posters. Mr. Freeman ordered the printers the same evening to print a fresh set of programmes for the next evenings, omitting the plaintiff's name. The posters were not altered and remained with the plaintiff's name on them. Mr. Freeman did not attach great importance to it, because the accompanist's name is very rarely stated in programmes. The plaintiff sued the defendant company for the false statement, saying she thereby lost other engagements. The jury answered that the defendants' manager did not intend to injure the plaintiff, but that he ought to have known what he did was likely to injure her. That he was guarding only his own interests and disregarded those of the plaintiff.

¹³³⁾ The summary of the case is taken from Kerly, op. cit. p. 651.

¹³⁴⁾ (1882) 19 Ch. 386, esp. at p. 391.

¹³⁵⁾ (1923) 40 T.L.R. 39 (first instance) and p. 201 (Court of Appeal).

In the King's Bench Division, it was held, that thereby, neither malice nor special damage were proved, and the action was dismissed. Mr. Justice Lush, in giving the judgment, first examined the case of *Brook v. Rawl* ¹³⁶⁾, a case for slander of title to real property. In summarizing that judgment, he said ¹³⁷⁾: "What is meant by malice in cases like these? Any wrongful act, which is in itself calculated to injure and is wilfully and intentionally done, is malicious in the contemplation of the law. The publisher of a statement, which is to his knowledge false and calculated to injure, is malicious and is treated as intending to injure, although his primary purpose may be to benefit himself, or although he may be so constituted as to think that he is justified in publishing it. Everybody must be taken to intend the direct and natural consequences of his act. If the direct and natural consequences are to injure another, he is taken to intend to injure him and he is responsible accordingly. *Wilkinson v. Downton* ¹³⁸⁾ is an illustration to this."

What does this dictum mean practically? It says that it is enough to prove the defendant's knowledge about the falsity and disparaging import of his statement. I do not think it is necessary to presume an intention to injure, for I doubt whether such an assumption is of any practical use. Lush however made it and he made a difference between statements, which are in themselves calculated to injure, and statements which are not. For the latter, he requires an intention to injure, because such intention cannot be presumed here. He subsumes *Shapiro v. la Morta* under the latter class of cases and therefore says: "In order to succeed in such an action, the plaintiff must prove not only that the statements were untrue to the defendant's knowledge and were intentionally published by him, but that they were published with the actual intention to injure the plaintiff." ¹³⁹⁾ In order to illustrate this conclusion, he refers to *Miller v. David*. ¹⁴⁰⁾ Here, Lord Coleridge said in delivering the judgment: "There is no averment here that the consequences which followed were intended by the defendant as the result of his words. And therefore, it is not necessary to consider the question which was suggested on the argument, whether words not in themselves actionable or defamatory, spoken under circumstances and to persons likely to errate damage to the subject of the words, are, when the damage follows, ground of an action."

In the case of *Shapiro v. la Morta*, which we are considering, the action was dismissed by the King's Bench Division, because there was no evi-

¹³⁶⁾ (1849) 19 Ex. 115.

¹³⁷⁾ *ibid*, at p. 41.

¹³⁸⁾ (1897) 2 Q.B. 57.

¹³⁹⁾ in *Shapiro v. la Morta*, at p. 41.

¹⁴⁰⁾ (1874) 9 C.P. 118.

dence of any such intention to injure the plaintiff and furthermore, because special damage could not be proved.

The plaintiff appealed. The Court of Appeal dismissed the Appeal, for different reasons however. Lord Atkin ¹⁴¹⁾ stated in the course of the judgment: "I agree with the other members of the court that there is no evidence of malice before January 8. For this purpose, it is not necessary to decide the point, but I shall assume that a statement made by a man who knows that it is likely to injure and knows that it is false, is made maliciously, and I shall make the same assumption if he knows that it is likely to injure and has no belief whether it is true or false and makes it recklessly, not caring whether it is true or false." He then passes to the facts of the case and concludes: "Before midday of January 8, the evidence is at least as consistent with the absence as with the existence of malice so defined. — I cannot think that his subsequent conduct after January 8, which I assume to have been malicious, is evidence which would justify a jury in finding malice before that date, at which he discovered the truth. If it is so, the only special damage claimed was admittedly caused by a representation at a time, when it was not malicious and the action must fail."

I think this is a very clear and sensible conclusion which bears out our criticism of the judgment of the King's Bench Division. It should, however, not be overlooked, that there are other decisions, in which judges have spoken of malice as intent to injure, or where intent to injure and knowledge of the falsity are mixed up. *Wren v. Weild* ¹⁴²⁾ is an illustration. The plaintiff brought an action, alleging in the declaration, that the defendant falsely and maliciously wrote to and told persons, who had bought certain machines of the plaintiff, that the machines were infringements of defendant's patent, and that the defendant claimed royalties for the use of the machines and threatened with legal proceedings in the case they would not pay the royalties. The judge ruled that the machines did not comprise in it anything precisely identical with parts of the defendant's patented machines.

After having made allusion to *Green v. Button* ¹⁴³⁾ and *Gerard v. Dickenson* ¹⁴⁴⁾, where it was held, that the declaration which shewed that the defendant knew that he had no claim and that his assertion of claim of right was made without reasonable cause, does give an action, Blackburn J. concluded ¹⁴⁵⁾: "Where a person claims a right in himself which he in-

¹⁴¹⁾ (1923) 40 T.L.R. at p. 203.

¹⁴²⁾ (1869) 4 Q.B. 730.

¹⁴³⁾ 2 CM. & R. 707.

¹⁴⁴⁾ 4 Rep. 28a.

¹⁴⁵⁾ see above, n. 142.

tends to enforce against a purchaser, he is entitled, and, in common fairness, bound, to give the intended purchaser warning of such his intention. — No action can lie for such preliminary warning, unless either it can be shewn that the threat was made mala fide only with the intent to injure the vendor. . . . or that the circumstances were such as to make the bringing an action altogether wrongful.” Rule was discharged, because the judge held, that an action could only lie when the plaintiff proves that the claim of the defendant was a mala fide and malicious attempt to injure the plaintiff by asserting a claim of right in spite of his knowledge and without any foundation.

In *Hasley v. Brotherhood* ¹⁴⁶⁾, the plaintiff was an engineer and manufacturer and the assignee of a patent. The defendant was also an engineer and manufacturer of a similar steam engine under an alleged patent, of which he claimed to be the proprietor. The engines made by the plaintiff and the defendant respectively were different. The plaintiff’s engine did not infringe the defendant’s alleged patent. The defendant prevented the plaintiff from doing a similar business by threatening persons intending to be customers of the plaintiff, that he would take legal proceedings, if they dealt with the plaintiff, because he alleged that the plaintiff’s machine was an infringement of his patent. The plaintiff brought an action, but it was dismissed. It was held, that no malice was proved. Lord Coleridge stated: “It is not enough, that the statement should be untrue, but there must be some evidence, either from the nature of the statement itself or otherwise, . . . that the statement was not only untrue, but was made mala fide for the purpose to injure the plaintiff. It appears to me that a statement made under such circumstances does not give a ground for an action merely because it is untrue and injurious to the plaintiff. There must be also the element of mala fide and a distinct intention to injure the plaintiff apart from the honest defence of the defendant’s own property.” And Lindley L. J. argued in the same case as follows ¹⁴⁷⁾: “*Wren v. Weild* comes to this: if I am a patentee, so long as I act honestly, I am entitled to say without running the risk of having an action for damages brought against me, that somebody is infringing my patent. If I say that dishonestly, I am so liable and if I know that what I say is untrue, it would not take much to persuade a jury that I was acting dishonestly, and an action would lie.”

Though an intent to injure is often spoken of in cases like these, I think they are decided upon the same ratio as the former cases, namely, that knowledge of the falsity and disparaging import of the statement is sufficient to prove malice. It seems to me that an intention to injure is unneces-

¹⁴⁶⁾ (1881) 19 Ch. 386.

¹⁴⁷⁾ *ibid*, at p. 388.

sarily constructed out of the fact, which is really proof of the defendant's malice, his knowledge, that the statement is untrue and disparaging.

Furthermore, recent Chancery cases have stated that malice in an action for slander of title means some dishonest, bad motive. These last decisions may have induced Winfield and Salmond ¹⁴⁸⁾ to admit, that it is now apparently settled law, that malice in the law of slander of title means some dishonest or otherwise improper motive. In support of this view, they cited several cases, for instance *Balden v. Shorter* ¹⁴⁹⁾. The plaintiff, in this case, had been employed for several years as traveller and salesman with a company, which was liquidated. The defendants bought the goodwill of the company's business, which they carried on under the same name. During the liquidation, the plaintiff left the company and got employment elsewhere. A customer, who had long had dealings with the plaintiff, gave an order to Mr. Bensted, an employee of the liquidated and new company, who, in answer to the customer's inquiry stated, that the plaintiff was not in at the moment, but was employed by the defendants and would receive the commission on the customers' order. Mr. Bensted had heard, that the plaintiff was contemplating employment elsewhere, but did not know, whether he had obtained it. The plaintiff alleged, that Mr. Bensted's statement had been made to induce the giving of an order and he claimed an injunction restraining further such statements. It was held, that no malice was proved and therefore, the action was dismissed.

Maughan J. ¹⁵⁰⁾ came to the following conclusion: "If I could properly conclude that the story told in the witness-box by Mr. Bensted was untrue and that he knew that the plaintiff was not employed by the defendants, I should have little difficulty in determining the action in the plaintiff's favour because, if Mr. Bensted said that knowing it to be untrue, I should draw the inference that he did it from a dishonest motive and maliciously. But I cannot come to this conclusion. I think that he made a careless mistake."

With this sentence, the judgment in the actual case was given. But the judge went further and dealt with the question of malice in general. He came to the conclusion, that malice means "some dishonest or improper motive". In support of this view, he cited some passages of the judgment in *Greers, Ltd. v. Pearman & Corder Ltd.* ¹⁵¹⁾ The defendants, there, were registered proprietors of a trade mark with a disclaimer of the words "Banquet Brand." The plaintiffs used the word "Banquet" for similar goods. The defendants' solicitors wrote letters to the plaintiffs' customers

¹⁴⁸⁾ Winfield, op. cit. 586 seq., Salmond, op. cit. 590.

¹⁴⁹⁾ (1933) Ch. 427.

¹⁵⁰⁾ *ibid.*, at p. 429.

¹⁵¹⁾ (1922) R.P.C. 39, p. 406, esp. p. 417.

alleging that the use of the word "Banquet" was an infringement of their trade mark. It was held, that the defendants could not believe in their claim. Therefore, malice was admitted to be proved and as special damage was as well proved, judgment was given for the plaintiffs. Bankes L. J. said that malicious for the purpose which the court was considered, meant "with some indirect object" and Scrutton L. J. remarked, that the only question in the case was, whether there was evidence on which the jury could find, that the statements were made maliciously in the sense of "being made with some indirect or dishonest motive." That honest belief in an unfounded claim were not malice, but that the nature of the unfounded claim might be evidence that there was not a honest belief in it.

In *British Railway Traffic Co. v. C.R.C. Co.*¹⁵²⁾ Mc. Cardie fully examined the authorities and came to the conclusion, that in the case under consideration, there was no allegation of actual malice as against either defendant. "Every publication", he said, "which the first defendants have made or intended to make, has arisen or will arise, not only from the proper protection of their interests, but from the need to avoid a criminal offence against the regulations made by the Minister of Transport. There is nothing to show that the company intend or wish to make any publication of an unjustifiable nature."

This decision was cited in support of the view, that malice means some dishonest or improper motive. But it has been overlooked, that Mc. Cardie was well aware that this decision, though justified, was an exception to the general rule. How could we otherwise understand his dictum in the same case, which follows the above mentioned arguments? He said: "In deciding that no malice is here proved, I do not overlook the fact that a person who says that which he knows to be false, may and should as a rule be found guilty of actual malice."

The exception of the rule shows once more, how casuistic English law is, how difficult it is to state a general rule and how important the particular facts of a case are for its decision.

The difficulty of proving that the defendant had knowledge of the falsity and disparaging nature of the statement, from sets of facts such as given for instance in *Balden v. Shorter*¹⁵³⁾, may have produced this uncertainty in the law concerning malice. And as we have mentioned before, it must not be overlooked that in general, not enough stress has been laid upon the difference between malice as a fact and the facts which prove malice. We have seen in several instances, that the knowledge of the falsity and disparaging import of the statement is not *prima facie* obvious, but has to be followed indirectly, out of the actual circumstances.

¹⁵²⁾ (1922) 2 K.B. 260 seq, see above p. 33

¹⁵³⁾ (1933) Ch. 427, see above p. 41.

In *Hasley v. Brotherhood* ¹⁵¹⁾, Baggallay said with reference to *Thorley's Cattle Food v. Massam*, that there was material from which the want of probable cause for the statement could be inferred. In *Greers v. Pearman & Corder* ¹⁵⁵⁾ it was said that an unfounded claim is not malice, but that the nature of the unfounded claim is sometimes evidence, that there is not a honest belief in it. That it may be so unfounded that the particular fact of its being put forward may be evidence that it is not believed to be true.

In this class of cases, it may be of help to ask for the reasons and motives, which may have induced the defendant to utter the false statement, because it may tell us, whether the defendant believed in it or not. But it does not follow from this, that these reasons or motives are the essential elements in the determination of the defendant's malice. Surely, proof of a bad motive is a way to prove malice, as well as proof of an intention to injure, because both require more than the proof of knowledge of the falsity and disparaging import does. But I think, it is not the only possible proof. Even in a case like *Balden v. Shorter* ¹⁵⁶⁾, a proof of the defendant's knowledge of the falsity and disparaging import of his statement is sufficient, for it leads to the same results.

After having examined the scope and the elements of the tort of slander of title, we must finally mention an exception. In the law of slander of goods, a statement by one trader that his own goods are superior to those of another, even if it be false, malicious and causes damage to that other, is not actionable. ¹⁵⁷⁾ So it was admitted that the statement in *Hubbuck v. Wilkinson* ¹⁵⁸⁾ was a mere puff to the rival's products and no action would lie. The defendant printed and published a circular, containing a report of experiments testing the plaintiff's zinc paint and comparing it with his own, which circular gave particulars of the mode of comparison, and concluded: "Exactly nine pounds of paint were used in each case, and each coat took the same quantity of paint. Judging from the finished work, it is evident that W. H. & Co.'s zinc has a slight advantage over Hubbuck's, but for all practical purposes, they can be regarded as being in every respect equal."

But where the trader does not limit himself to a mere comparison, but makes some untrue statement with a specific allegation of some defects in the plaintiff's goods, it is otherwise. In *Alcott v. Millar's & Co.* ¹⁵⁹⁾, the plaintiff was a paving contractor and an importer of American red gum wood blocks for street paving. The defendant company were importers of

¹⁵⁴⁾ (1882) 19 Ch. 386, see above p. 37 & 40.

¹⁵⁵⁾ (1922) R.P.C., 406, at p. 417, see above p. 41.

¹⁵⁶⁾ cp. N. 153.

¹⁵⁷⁾ Winfield, op. cit. 587, *White v. Mellin* (1895) A.C. 154, esp. 164.

¹⁵⁸⁾ (1899) 1 Q.B. 86.

¹⁵⁹⁾ (1905) 91 L.T.R. 722.

Australian wood for street paving. While the plaintiff's tender for paving a street with red gum blocks was being considered by a local authority, a letter was written on behalf of the defendant company to the local authorities and sent to each member. The letter's content was as follows: "We understand that your council propose laying the roadway of . . . with American red gum blocks. We would strongly recommend that, before deciding upon this, you would pay a visit of inspection to . . . the roadways of which have been paved with American red gum blocks only from six to eighteen months ago and are now in a rotten condition. We venture to say that the result of such a visit would certainly remove from your mind any idea of using such material for roadways in your district." In consequence of that letter, the plaintiff suffered special damage, and it was held, that an action lies, because specific allegation of defects in the plaintiff's goods were made, which were not true.

Chapter 2.

PASSING OFF:

1. *In general.*

To sell goods or carry on business under such a name, mark, description or otherwise in such a manner as to mislead the public into believing that the goods or business are that of another person is a wrong and is called "passing off".¹⁶⁰⁾ The gist of the conception of passing off is that the goods or business are, in effect, telling a falsehood about themselves, are saying something about themselves which is calculated to mislead.¹⁶¹⁾ The law on this matter is designed to protect traders against that form of unfair competition, which consists in acquiring for oneself, by means of false and misleading devices, the benefit of the reputation already achieved by rival traders. Passing off is the most important example of unfair competition, though it is in so far governed by special rules, that it amounts to a tort of its own.

Before we treat, however, closely with the passing off action, it seems to be useful to treat shortly with the difference between this action and the action for infringement of a trade mark, because passing off goods by copying or imitating trade marks is an important instance in this branch of the law.

The foundation upon which the law relating to trade marks and passing off rests, is the same.¹⁶²⁾ The leading principle has been stated in *Singer Manufacturing Co. v. Loog*¹⁶³⁾, where James L. J. for instance said, that no man is permitted to use any mark, sign or symbol, device or means whereby, even without making a direct false representation himself to a purchaser, who purchases from him¹⁶⁴⁾, he enables such purchaser to tell a lie or to make a false representation to somebody else who is the ultimate purchaser. This principle has obviously a wider application than merely for trade marks proper. Conduct of every kind, which is calculated to pass off the goods or trade of the defendant as those of the plaintiff, falls within it.

The trade mark cases, however, were very numerous, and the action for infringement of trade marks became a specialised and distinct form of the more general action for passing off.¹⁶⁵⁾ By the judgment in *Millington v.*

¹⁶⁰⁾ Salmond, op. cit. p. 591.

¹⁶¹⁾ *Draper v. Triest* (1939) 1 A.E.R. per Greene M.R.

¹⁶²⁾ Kerly, op. cit. p. 1.

¹⁶³⁾ (1880) 18 Ch., at p. 412.

¹⁶⁴⁾ to make a direct false representation is in fact the usual form of passing off.

¹⁶⁵⁾ Kerly, op. cit. p. 4.

Fox ¹⁶⁶⁾ and later cases in Equity and finally by the Trade Marks Act and the decisions upon it, the conditions under which a right in a trade mark may be acquired and the manner and degree in which it would be protected, have been fully established. It would lead too far to examine them closely. A few words concerning the method of this special protection may, however, be added.

Trade marks, defined in section 68 of the Act ¹⁶⁷⁾ as “marks used or proposed to be used in relation to goods for the purpose of indicating, or so as to indicate, a connection in the course of trade between the goods and some person having the right either as proprietor or as registered user to use the marks, whether with or without any indication of the identity of that person” — are considered to be of two sorts, those which consist of or comprise certain particular features registrable in Part A of the Register, and others, not possessing such features, and therefore only registrable in Part B. of the Register. ¹⁶⁸⁾

When a trade mark is registered under Part A, the owner has, in the case of an infringement, only to prove, that the mark has been infringed. The protection is then absolute, i.e. the defendant has no proof, that his use of the mark or a similar mark is not calculated to deceive, as long as he used the spurious mark in connection with the class of goods, for which the plaintiff's Part A mark is registered. Where, however, complaint is of the use of the mark in connection with goods outside those for which it was registered, the action is then one of the nature of a passing off action.

If the infringed mark is one registered under Part B, the plaintiff has to prove the infringement and the distinctness of his mark. A suit may, however, be brought irrespectively of the identity of the nomenclature of the defendant's and plaintiff's goods and without regard to the difference of classification. Furthermore, the plaintiff, here, fails, when the defendant proves, that his use of the mark is not calculated to deceive. ¹⁶⁹⁾

If a trade mark has not been registered at all, the plaintiff has to prove, that the mark is in fact distinctive and that the acts of the defendant have been such as to pass off the spurious goods as those of the plaintiff, or such as would result in their being so passed off.

The difference between the action for infringement of a trade mark and the action for passing off is one of formal law rather than a material one. The material principles, which shall be elaborated concerning passing off, are therefore, with some exceptions, the same for the infringement of a trade mark.

¹⁶⁶⁾ (1838) 3 My. & Cr. 338.

¹⁶⁷⁾ (1938) 1 & 2 Geo 6, Ch. 22.

¹⁶⁸⁾ Kerly, p. 7.

¹⁶⁹⁾ see R. Haddan, Trade Marks (London 1938) p. 82 seq.

The passing off action is obviously a generalised form of the action for an infringement of a trade mark. Where a plaintiff, therefore, fails in an action for infringement of a trade mark right to prove the title to the trade mark or its registration ¹⁷⁰⁾, he may yet show that, by imitating the mark claimed as a trade mark or otherwise, the defendant has done what is calculated to pass off his goods as those of the plaintiff. In such cases, a passing off action may succeed, and therefore, the two actions are frequently used together. ¹⁷¹⁾ The relation between them is an alternative one, not only a subsidiary one like in some continental systems, which are governed by the principle "*lex specialis derogat legi generali*." Thus was for instance the jurisdiction of the Swiss Supreme Court. ¹⁷²⁾ In recent decisions, however, the court changed, due to the introduction of the new statute concerning unlawful competition, its attitude and held, that the action for infringement of a trade mark and the action for unlawful competition may be combined. It was expressly said ¹⁷³⁾: "Quoi qu'il en soit des rapports de la loi sur les marques avec l'art. 48 CO, actuellement abrogé, il faut convenir que cette jurisprudence ne peut plus être maintenue en ce qui concerne les rapports de la loi sur les marques avec la loi du 30 septembre 1943 sur la concurrence déloyale. Elle procédait en effet d'un principe qui a en tout cas cessé d'être vrai, à savoir que la loi sur les marques, *lex specialis*, assurait au titulaire d'une marque une protection plus étendue et plus efficace que les règles applicables en matière de concurrence déloyale, considérées comme *lex generalis*. Actuellement, la protection découlant de la loi sur la concurrence déloyale est, même sur certains points, plus étendue et plus efficace que celle qui résulte de la loi sur les marques. — Il y a donc aucune raison de dénier au lésé la faculté d'invoquer la loi sur la concurrence déloyale concurremment avec la loi sur les marques de fabrique et de fonder sa demande sur celle qui, dans la situation donnée, lui paraîtra la plus propre à lui procurer le résultat désiré."

2. *The scope of the passing off action.*

The basis of the passing off action is a representation by the defendant by express words or implied in the use or imitation of marks, trade names, get up and the like, which is calculated to pass off his business or goods as those of the plaintiff.

The cases concerning passing off can be classified under three headings. Under the first heading, we may classify the cases, which import a direct

¹⁷⁰⁾ *ibid.*

¹⁷¹⁾ Kerly, *op. cit.* 547.

¹⁷²⁾ (1935) 61 II 381, (1934) 60 II 258, (1932) II 170 (Vol. 58) (1914) 40 II 360, J. Michel, *op. cit.* 64 seq., esp. 71 seq.

¹⁷³⁾ (1947) 73 II 126, at p. 135, see also (1947) 73 II 110.

misrepresentation as to business or goods. In the second class, which is the more numerous one, fall all the cases, where the goods or business of the defendant are distinguished by some description or device, which is calculated to mislead and to make believe, that his goods or business are those of the plaintiff. We may call this indirect misrepresentation. In a third class may be subsumed miscellaneous statements, which are analogous to the statements of the two other classes.

a) *Direct misrepresentation.*

Direct misrepresentation may consist in that the defendant tells that his business is that of the plaintiff or a branch of it. Under this heading can be subsumed the false pretence of business connection, the false representation of succession to business, the description of a newcomer as "the old established", the pretence of agency for sale of the plaintiff's goods, the misrepresentation by issuing misleading circulars or advertisements or by execution of orders intended for the plaintiff, which may produce the effect that the defendant's business is thought to be that of the plaintiff.¹⁷⁴⁾ Furthermore, the direct misrepresentation may consist in that goods which the defendant sells, are said to be goods of the plaintiff, this in fact being untrue. This rule involves the principle, that nobody has a right to represent his or another man's goods as the goods of the plaintiff and it involves the further principle, that nobody may represent goods of another trader of a particular quality to be of a different quality.¹⁷⁵⁾

b) *Indirect misrepresentation.*

Actions based upon direct misrepresentation are comparatively rare. It is more usual that the defendant has copied or imitated the trade name, the unregistered trade mark, the get-up or other badges or descriptions, by which the plaintiff's business or goods are identified. The essential proof, required in an indirect misrepresentation, is to show, that the things copied or imitated are reputed on the market to denote a connection between the plaintiff and the business or goods, in reference to which they are used.¹⁷⁶⁾

Indirect misrepresentation may consist in a misrepresentation about the plaintiff's trade or firm name, in a misrepresentation about the trade name of the plaintiff's goods or in a imitation of the get-up.

¹⁷⁴⁾ see for instance *Scott v. Scott* (1866) 16 L.T.R. 143.

¹⁷⁵⁾ cp., *Ainsworth v. Walmsley* (1866) 1 Eq. 518, *Champagne Heidsieck v. Scott & Bishop* (1926) 43 R.P.C. 101.

¹⁷⁶⁾ see Kerly, op. cit. 557-58, *Lecouturier v. Rey* (1910) A.C. 262, *Imperial Tobacco v. Bonnan* (1924) 41 R.P.C. 441.

aa) Misrepresentation about the plaintiff's trade or firm name.

The use, by the defendant, of a man's own name or of the name, under which he trades, for trading purposes in connection with goods or a business which are not the plaintiff's, may be calculated to mislead and therefore to pass off the defendant's business or goods as those of the plaintiff. The name need not to be the personal name of the plaintiff. It need not to be that of his predecessor in business. It may be just any name, under which the plaintiff has acquired a reputation in the trade.¹⁷⁷⁾ The leading principle for this subdivision has been laid down by James L. J. in *Levy v. Walker*¹⁷⁸⁾: "It should never be forgotten in these cases, that the sole right to restrain anyone from using any name he likes in the course of any business he chooses to carry on is the right in the nature of a trade mark, that is to say, a man has a right to say: — You must not use a name, whether fictitious or real, you must not use a description, whether true or not, which is intended to represent, or calculated to represent, to the world, that your business is my business, and so, by a fraudulent misstatement deprive me of the profits of the business which would otherwise come to me. — An individual plaintiff can only proceed on the ground that, having established a business reputation under a particular name, he has a right to restrain anybody else from injuring his business by using that name."

This dictum may be misleading in so far, as it speaks of fraudulent misstatement only, whereas we have mentioned before, that Chancery gave an injunction as well for innocent misrepresentation. It is of importance here to lay stress upon the difference of the notion "fraud" in Common law and Equity. Law regarded fraud as synonymous with deceit, containing a strong immoral element, while Equity regarded it as a conveniently comprehensive word for the expression of a lapse of conscientiousness. Fraud in Equity does therefore not necessarily connote any moral obliquity, although it is used sometimes by Chancery judges in this sense, but it may be a genuine term signifying conduct which falls short of the standart Equity prescribes. Then, little distinction may be found in Equity between innocent and wilful misrepresentation.¹⁷⁹⁾ With regard to this, the dictum of James L. J. seems to be in accordance with the general principles concerning passing off.¹⁸⁰⁾

An uncertainty of the law may, however, be recognized concerning the unfraudulent use of one's personal name for trade purposes. Earlier autho-

¹⁷⁷⁾ see *Isaacson v. Thompson* (1871) 41 L. J. Ch. 101.

¹⁷⁸⁾ (1879) 10 Ch. 436, at. p. 447.

¹⁷⁹⁾ Hanbury, op. cit. 660 seq.

¹⁸⁰⁾ see above and *Waring & Gillow v. Gillow & Gillow* (1916) 32 TLR p. 389.
Delavelle v. Stanley (1946) 63 R.P.C. p. 147.

rities ¹⁸¹⁾ held, that the use of one's personal name is governed by the general principle, that a person can freely use his own name even if this would be deceptive to somebody else, who has the same name.

It is, however, undoubted, that a fraudulent use amounts to a tort. And it was sometimes admitted in more recent cases, that even in innocent passing off, there is no difference between the use of a man's own name and the use of any other apparently descriptive word. ¹⁸²⁾

I think there is a difference. A man is entitled to carry on his business in his own name so long as he does not do anything more than that to cause confusion with the business of another, and so long as he does it honestly. ¹⁸³⁾ It is an exception to the general rule, which has of necessity been established, within the principle of honest trade however, as Romer J. ¹⁸⁴⁾ remarked. And it is limited to the use of a man's own name only. The use in combination with something else does not fall within it. The exception is furthermore limited to the use of one's own name in connection with the business, and does not comprise the use in connection with the goods. There is, to my mind, no reported case, where, apart from fraud, a defendant has been absolutely restrained from using his own name in connection with his business. Injunctions have only been granted in cases, where the name was used descriptively or where it could be proved, that a personal name had become so identified by use in a widespread business with a particular trader as to be necessarily descriptive, when used without qualification by anyone else in the same trade. But they were limited in so far as they restrained the defendant from carrying on his trade under his name without taking care to prevent his trade from being taken for the plaintiff's trade. The defendant was generally ordered to add some discerning words to his name. ¹⁸⁵⁾

In addition to the Common law rules, some special rules apply also to the protection of the trade name of a company, registered under the Companies (Consolidation) Act. ¹⁸⁶⁾

It is enacted in the said Act ¹⁸⁷⁾ that a company may not be registered under a name identical with that by which a company in existence is already registered, or so nearly resembling that name as to be calculated to

¹⁸¹⁾ *Burgess v. Burgess* (1853) 3 De G.M. & G. 896. *Turton v. Turton* (1889) 42 Ch. 128.

¹⁸²⁾ cp. *Winfield*, op. cit. 591, *Kerly*, op. cit. 616 seq. *Colins L. J.* in *Valentine v. Valentine* (1907) 83 L.T.R. 271. *Buckley L. J.* in *Brinsmead v. Brinsmead* (1913) 30 R.P.C. 506.

¹⁸³⁾ see *Rodgers v. Rodgers* (1924) 41 R.P.C. 277.

¹⁸⁴⁾ *ibid.*, at p. 291.

¹⁸⁵⁾ cp. *Kerly*, op. cit. 617. *Cash v. Cash* (1902) 19 R.P.C. 181. *Rodgers v. Rodgers* (1924) 41 R.P.C. 277. *Lyons & Co. v. Lyons* (1931) 49 R.P.C. 188. See also *Office Cleaning Services v. Westminster Window & General Cleaners* (1943) 61 R.P.C. 21, ¹⁸⁶⁾ (1929) 19 & 20 Geo 5 Ch. 23.

¹⁸⁷⁾ *ibid.*, sect. 16 seq.

deceive, except where a company in existence is in the course of being dissolved, and signifies its consent in such manner as the Registrar requires. Furthermore, provisions are made for a change of the name of any company which, through inadvertence or otherwise, is registered under a name which falls within the prohibition.

These principles apply only to the case of taking a name of an existing company already registered, and not, where a new company proposes to register in a name resembling the name of an old established company, which is not registered.¹⁸⁸⁾ As soon as the new company is in fact registered, they have however, except to the change of the name, ceased to be applicable. The old, registered company can therefore not sue for an injunction against the newly registered company under the Act.

Here again, the respective sections of the Act are only an addendum to the Common law rules for the protection of the trade names. The Common law rules are in no way limited by the registration of the name objected to be the name or an imitation of the name of another company. An injunction will be granted at law to restrain the carrying on of the same business as that of the plaintiff under a firm name so nearly resembling his as to be calculated to deceive, whether it has been registered or not.¹⁸⁹⁾

A comparison with Swiss law is here in so far difficult, as the special provisions of the Swiss Code of Obligations concerning the protection of firm names¹⁹⁰⁾ provide not only a mainly administrative protection like the Companies Consolidation Act, but also an elaborated judicial protection. The judicial protection is, as the Supreme Court several times held, a concurrent one to the protection given by the rules concerning passing off.¹⁹¹⁾

bb) Misrepresentation about the trade name of the plaintiff's goods.

Where a name, which is used upon or in connection with goods for the purpose to indicate that they are the goods of a trader by virtue of manufacture, selection, certification, dealing with or offering for sale, does not conform to the statutory definition of a trade mark or is not registered as a trade mark, but is in fact known in the market as the distinctive name of the goods of a particular trader, no one else may use it for dealing in other goods of the same description as those in connection with which it has acquired its distinctive signification. The qualified right in the trade name exists, however, only with regard to goods of the kind, for which the

¹⁸⁸⁾ Buckley, Companies Act (11th. ed. London 1930) p. 30. See for instance *Hendriks v. Montagu* (1881) 17 Ch. 638.

¹⁸⁹⁾ Cp. *Ouvah Ceylon Estate Ltd. v. Uva Ceylon Rubber Estate Ltd.* (1910) 27 R.P.C. 753. *Warwick Tyre Co. Ltd. v. New Motors Co. Ltd.* (1910) 27 R.P.C. 161. *Sturtevant Engineer Co. v. Sturtevant Mill Co.* (1936). 3 A.E.R. p. 137.

¹⁹⁰⁾ Art. 944 seq. esp. Art 956.

¹⁹¹⁾ (1947) 73 II 117 and cit. there.

plaintiff used it, and to which the connection with his business suggested by the use of the name extends.¹⁹²

Merely descriptive names, however, do not give the right to protection. But they may have or get a secondary meaning, in¹⁹³) which case protection is given. On the other hand, a name, once a particular name, may become *publici iuris*. Accordingly, evidence is admissible to show that a word which was once distinctive of a particular trader's goods has become common in trade. Or a name, once the particular trade name of one trader, may become associated with another trader, who may thereby acquire an exclusive right to its use.¹⁹⁴)

cc) Imitation of the get-up.

The general appearance of a trader's goods as they are presented to purchasers is often the sign by which the goods are recognized as his. Cases of imitation of the general appearance are mostly cases of deliberate fraud, for such similarity can hardly happen by accident or coincidence. The only explanation, consistent with honest conduct is therefore, that a particular get-up is common to the trade.¹⁹⁵)

dd) Miscellaneous statements.

Assumption of some title or style by the defendant, to which he has no right, is actionable, when such assumption deceives or is likely to deceive the public in their business dealings with the assumer.

An author can restrain the publication under his name of books, which are not written by him on the same principle as a trader can obtain an injunction to protect his trade name or that of his goods.

Titles of books, newspapers, or other publications are protected on the same principle. No action arises, however, unless it is shown that the title is known to indicate the plaintiff's book or paper so that its use by the defendant would be calculated to lead to deception.¹⁹⁶)

Having so examined the scope of the passing-off action, let us proceed to the long disputed question what is its nature.

3. *The nature of the passing-off action.*

"There is", as Prof. Jenks said¹⁹⁷), "upon some subjects a touching absence of curiosity among English lawyers. Institutions which are the very

¹⁹²) see *Kerly*, op. cit. 581. *Warwick Tyre Co. v. New Motor Co. Ltd* (1910) 27 R.P.C. 161. Lord Herschell in *Leahy v. Glover* (1893) 10 R.P.C. 155.

¹⁹³) *Reddaway v. Banham* (1896) A.C. 199, esp. at p. 212/13. *Reddaway v. Hartley* (1931) 47 T.L.R. 226.

¹⁹⁴) *Daniel & c. v. Whitehouse* (1898) 1 Ch. 685.

¹⁹⁵) cp. *J. B. Williams Co. v. Bromley* (1909) 26 R.P.C. 481 & 765.

¹⁹⁶) *Raleigh v. Kinematograph Trading Co.* (1914) 31 R.P.C. 143.

¹⁹⁷) E. Jenks, *Select Essay in Anglo-American Legal History* (Cambridge 1909) Vol. III p. 51.

heart of modern business life . . . are accepted as though they fell directly from heaven for the benefit of a deserving profession. The legal questions, to which they give rise are studied with minute care, the legal relationships which they create are made the occasion of microscopic analysis. But the subject itself, the really interesting and important matter, is left untouched."

These words apply in particular to the passing off action. The general principle, on which the courts both of Law and Equity proceeded and still proceed, is well summarized in Lord Langdale's dictum in *Perry v. Truefit*¹⁹⁸): "A man is not to sell his goods under the pretence that they are the goods of another man . . . He cannot therefore be allowed to use names, marks, letters or indicia, by which he may induce purchasers to believe that the goods which he is selling, are the manufacture of another person . . . I have no doubt that another person has not a right to use that name or mark for the purpose of deception, and in order to attract to himself that course of trade, or that custom, which, without that improper act, would have flowed to the person who first used or alone was in the habit of using the trade name or mark."

But in the application of this principle, the courts have encountered a number of difficulties. They have long wavered between two conceptions of the passing off action, — as a remedy against the invasion of a property right in the goodwill of a business, possibly of a right in a trade mark, trade name or other symbol proper, and as a remedy analogous to the action on the case for deceit.

Common law courts admitted the analogy of the passing off action to the action of deceit and therefore required fraud as an essential element to maintain the action.¹⁹⁹) The development of the action of deceit at Common law was, however, only closed with the decision in *Derry v. Peek*.²⁰⁰) Before, there existed a great dispute and confusion about fraud and misrepresentation in Common law, and the different approach of the problem of fraud in the exclusive Equity jurisdiction did not help to clear up the subject matter.²⁰¹)

In *Pasley v. Freeman*²⁰²), where deceit as a tort was established, fraud was defined as "knowledge of the falsity" in the defendant. In this case, the defendant had assured the plaintiff, that X could be safely given credit for some £2600, the price of goods, which X was buying from the plaintiff. The defendant's assurance was false and he knew it was. Damage was proved as well and judgment was given for the plaintiff.

¹⁹⁸) (1842) 6 Beavan 66, at p. 73.

¹⁹⁹) In other respects, the two actions are different, esp. in that the plaintiff is, in passing off, not the party directly deceived. His rights are infringed by the deception of the public, the market, in which he trades. See Lord Parker of Waddington in *Spalding v. Gramage* (1915) 32 R.P.C. 273, at p. 283.

²⁰⁰) (1889) 14 Appl. Cas. 337.

²⁰¹) *Nocto v. Ashburton* (1914) A.C. 932, see above p. 65.

²⁰²) (1789) 3 T.R. 51.

The term "knowledge of the falsity" was entangled in later cases to some extent with mere carelessness of statement.²⁰³⁾ Liability was extended from the dishonest representation of a non existing belief to the honest representation of a belief not based on reasonable ground. The change made in the decision of the House of Lords in *Derry v. Peek*²⁰⁴⁾ is to be found in the recurrence to the rule, that no liability for deceit can arise from a statement made in the honest belief that it is true. The facts in this case were that the directors of a tramway company issued a prospectus, in which they stated that they had Parliamentary powers to use steam in propelling their trams. In fact, the grant of such power was subject to the consent of the Board of Trade. The directors honestly but mistakenly believed the giving of this consent to be a merely formal matter. It was, however, refused. The company was wound up in consequence, and the plaintiff, who had bought shares in it on the faith of the prospectus, instituted an action for deceit against the directors.²⁰⁵⁾ The House of Lords gave judgment for the defendants. It was held, that actual fraud must be proved. That fraud is proved when it is shown that the false representation has been made knowingly or without belief in the truth or recklessly, i.e. being consciously indifferent whether it is true or not.

A statement made carelessly and without reasonable ground is therefore not fraudulent, although it might furnish evidence for it. This rule was clearly stated in *Derry v. Peek* and brought the final settlement of the Common law notion of fraud in misrepresentation.²⁰⁶⁾ Common law did not admit inquiry into the reasonableness²⁰⁷⁾ of a belief admitted to be honestly entertained, but upheld its rigidity. This seems to be justified, especially with regard to the possible confusion with negligence and to the difficulties to find the limits between reasonableness and unreasonableness in misrepresentations honestly believed to be true. Nevertheless, some exceptions to the rule in *Derry v. Peek* have been necessary in cases, where the rigidity of the Common law would have been unjustified.²⁰⁸⁾

This uncertainty concerning fraud and its final solution affected the Common law jurisdiction in passing off as much as it did in deceit. Common law could therefore not admit liability for innocent passing off and upheld the opinion, that fraud must be proved.

Crawley v. Thompson was an action at law.²⁰⁹⁾ The declaration alleged that the defendants marked iron of their make with an oval figure con-

²⁰³⁾ Winfield, op. cit. 376, Anson in (1890) 6 L.Q.R. p. 72 seq.

²⁰⁴⁾ (1889) 14 Appl. C. 337.

²⁰⁵⁾ Statement taken from Winfield, op. cit. p. 376.

²⁰⁶⁾ See also *Bradford Bldg. Soc. v. Borders* (1941) 60 T.L.R. 270.

²⁰⁷⁾ *Williams Bros. Direct Supply Stores v. Cloote* (1944) 2 A.E.R. 205.

²⁰⁸⁾ See Winfield, op. cit. 380 seq., Salmond, op. cit. 581.

²⁰⁹⁾ (1842) 4 Man. & G. 357.

taining the letters W.O., well knowing that this mark was intended to be in imitation of and similar in appearance to the plaintiff's mark, which consisted of an oval figure, containing the letters W.C. Evidence was given that the iron with the plaintiff's brand had a high reputation in the Turkish market, and that the defendants had marked their iron with the brand W.O. at the request of a merchant in Constantinople. Furthermore, the plaintiff had given notice to the defendants that the use of this brand deceived the Orientals and required them to desist. The defendants nevertheless persevered.

Question was left to the jury, what was the intention of the defendants in using the mark complained of, whether it was for the purpose of supplanting the plaintiff, or done in the usual course of business.

The jury found for the defendants and rule for a new trial was discharged. Language was used by the judges which may be understood as laying down that proof of fraud, perhaps even of fraudulent intention, is essential at law to maintain the action. This conclusion was upheld in *Croft v. Day*.²¹⁰) A blacking manufacture had long been carried on under the firm of Day & Martin, at 97, Holborn. A person of the name of Day, having obtained the authority of one Martin to use his name, set up the same trade at 90, Holborn Hill, and sold blacking as of the manufacture of Day and Martin, 90 Holborn Hill, in bottles and with labels having a general resemblance to those of the plaintiffs. The latter obtained an injunction, restraining the defendant from carrying on his business in such a misleading way.

The judge argued²¹¹): "It has been very correctly said, that the principle, in these cases, is this — that no man has a right to sell his own goods as those of another. . . . It is perfectly manifest, that to do these things is to commit a fraud. — The right which any person may have to the protection of this court does not depend upon any exclusive right which he may be supposed to have in a particular name, or to a particular form of words. His right is to be protected against fraud."

From this dictum follows, that the decision in this case did not depend on any peculiar or exclusive right to the use of the name Day & Martin, but upon the fact, that the defendant had used those names in connection with certain circumstances and in a manner calculated to mislead the public and to enable him to obtain, at the expenses of the plaintiffs, a benefit for himself to which he was not, in fair and honest dealing, entitled.

It is uncontested, that the Common law jurisdiction proceeded and continued to proceed, in passing off cases, on the ground of an analogy to deceit.²¹²) It is furthermore uncontested in Common law and Equity, that

²¹⁰) (1843) 7 Beav. p. 84.

²¹¹) *ibid*, at p. 88 per Lord Langdale.

²¹²) See *Addley Bourne v. Swan & Edgars* (1902) 20 R.P.C. 105.

fraudulent passing off should be restrained.²¹³⁾ The original foundation of the whole subject matter was, in fact, an action for misrepresentation.

Due to the uncertainty in the notion of fraud and due to the fact, that there occurred cases, in which it seemed inappropriate to refuse a remedy, although the defendant used trade symbols of the plaintiff innocently, Equity started to hold, that an injunction should be granted even in cases of innocent passing off. It was said, that the law would be outweighed in the defendant's favour, if a remedy would only be granted in cases of fraud. That, whether the falsehood was done ignorantly or with a deliberate intention to injure, it would be always the same act producing the same injury to the plaintiff. In *Millington v. Fox*²¹⁴⁾ it was decided for the first time, that an injunction against improper use of a trade mark should be granted, disregarding whether the defendant acted fraudulently or not. The plaintiff had carried on for many years a business of manufacturing steel. Crowley, the founder of the business, had introduced a particular mode of manufacturing steel. The steel of the plaintiff's business was therefore known as „Crowley steel” and such marks have been stamped on the plaintiff's steel products. The defendants, steel manufacturer also, had marked their products with the plaintiff's before mentioned marks. They were of opinion, that „Crowley steel” was a merely technical term. It was held, that the plaintiff's right to the marks is a right to the exclusive use of the name, and an injunction was granted disregarding the absence of fraud in the defendants, because there was deception or high probability of deception. The effect of this decision of Equity was to cease to put upon the plaintiff the difficult burden of proving intent to defraud on the part of the defendant in so far as the plaintiff was seeking injunctive relief. For such a personal intent of the defendant, the court substituted a so called “constructive intent”, which can be described as inferable from the circumstances.²¹⁵⁾ The court was, however, confronted with a difficult problem. On one hand, it was anxious to protect the trade marks for the simple reason that trade mark piracy is repugnant to the judicial conscience. On the other hand, it had to find some legal theory for such protection. In the decision itself, no direct reasons were given, but it was inferred afterwards, that the judge regarded the right to the trade marks as a property right. On the property hypothesis, the rule, that no fraud was required to maintain the action, was intelligible, for in torts of interference with property, like trespass for instance, moral innocence does not affect liability at all. The right to trade marks, after being more and more assim-

²¹³⁾ See *Edelsten v. Edelsten* (1863) 1 De G. J. & S. 185, esp. per Lord Westbury at p. 199.

²¹⁴⁾ (1838) 3 My & Cr. 338.

²¹⁵⁾ See F. Schechter, *Historical Foundation of the law relating to Trade Marks* (New York 1925) p. 161.

lated to property rights, has become, as we mentioned, a statutory franchise.

In cases of trade names, get-up and the like, outside the law of trade mark proper, there has been the same oscillation between the notion of quasi property right and of the right, not to be infringed by unlawful competition. Equity acted solely in aid and ancillary to the legal right in order to give an injunction in cases of unfraudulent infringements, where it seemed to be appropriate. And it seemed to proceed on the same property hypothesis as foundation of its jurisdiction. While Equity was mainly concerned with property jurisdiction, it was, in fact, inclined to regard any civil right of a pecuniary nature as a property right. The right to trade symbols was mixed up with the idea of goodwill. Goodwill meant every advantage, every positive advantage that has been acquired by a firm in carrying on its business, whether connected with the premises, in which the business was carried on, or with the name of the firm or with any other matter carrying with it the benefit of the business.²¹⁶⁾ Goodwill was regarded as the whole advantage, whatever it may be, of the reputation of the firm.²¹⁷⁾ Thus, goodwill was an object of value and therefore, in the eyes of Equity, an object of property. Semble, the right to business symbols seemed to be part of this property. C. C. Langdell²¹⁸⁾ for instance, seems to support this view in saying, that an infringement of a trade symbol is not a tort to any particular thing, but a tort to the estate of a person injured in the aggregate.

Furthermore, it was sometimes held, that the vendor of the goodwill of a business was under an implied covenant not to carry on a similar business or to solicit old customers, and this idea may have been transmitted to the protection of business symbols.

On the other hand, there are Equity judges, who show a disinclination to invoke the basis of equitable protection, to which they have been accustomed, viz. the protection of a property right. They try to found the repression of passing off, in accordance with Lord Langdale's dictum²¹⁹⁾ on the sound principle that a merchant or manufacturer is to be protected against interference with their trade expectations.²²⁰⁾ In *Harrod's Ltd. v. R. Harrod*²²¹⁾ for instance, L. J. Sargant made the following remarkable dictum: "It seems to me that it is essential for an action of that sort (passing off action) that there should be tangible probability of injury to the property of the plaintiff, but I think under the word property may

²¹⁶⁾ See *Cooper v. Hood* (1858) 26 Beav. 293, at p. 299.

²¹⁷⁾ See Lord Macnaghten in *Trego v. Hunt* (1896) A.C. 7 at p. 24. *Inland Revenue ect. v. Muller* (1901) A.C. 217.

²¹⁸⁾ Brief Survey of Equity Jurisdiction (2nd. ed. Cambridge U.S.A. 1908) p. 250.

²¹⁹⁾ See above p. 53.

²²⁰⁾ Schechter, op. cit. p. 160/61.

²²¹⁾ (1924) 41 R.P.C. 74, at p. 87.

well be included the trade reputation of the plaintiffs, and that, if tangible injury is shown to the trade reputation of the plaintiffs, that is enough." And in *Collins v. Brown* ²²²) and *Reddaway v. Banham* ²²³), instances only of a great number of cases, the property hypothesis was completely rejected.

In taking the authorities as a whole, I think the principle is, that the passing off action is an action for falsehood, consisting in one man's canvassing for custom by falsely holding out his goods or business as being the goods or business of another, which is calculated to deceive. The plaintiff's right, which is infringed, contains as well personal as property elements and is protected against violations, which are incompatible with the principle of fair trade. Therefrom follows, that the passing off action must be regarded separately from deceit and trespass. This conclusion seems to be supported not only by the weight of authority ²²⁴), but also by the solution, which the question concerning damages in passing off has found. In innocent passing off, no account of profits and merely nominal damages, if even that, have been awarded in respect of innocent users before notice of the plaintiff's right. Only a claim for an injunction will undoubtedly lie. It seems agreed thereby, that the protection given by the action goes further than a protection analogous to deceit, as the Common law courts give it, but differs from the protection given to a full right of property, an infringement of which, even innocently, will give rise to an action for damages. ²²⁵) These facts may show, that English courts, to-day, give their protection upon substantially the same equitable ground that had been thus expressed in 1842 in the quoted dictum of Lord Langdale M. R. ²²⁶) In fact, with the merge of Law and Equity and also in view of the fact, that injunctive relief is more effective than pecuniary reparation, the repression of passing off has in recent years fallen more and more within the scope of Equity, and the principles, governing relief in such cases, have accordingly been those of Equity rather than of Common law.

Let us therefore examine closely the fundamental Equity cases in this subject matter.

As we have mentioned, it was, for the first time, established in *Millington v. Fox* ²²⁷) that an injunction could be granted even against innocent infringements of a trade mark. *Barrow v. Hall* ²²⁸) shows how the decision in *Millington v. Fox* was interpreted in absence of special reasons. The

²²²) (1857) 3 K. & J. 423, esp. 426.

²²³) (1896) A.C. 199, esp. at p. 209.

²²⁴) See Pollock, on Torts, p. 247.

²²⁵) Salmond, op. cit. 594/95, Winfield, op. cit. 588 seq.

²²⁶) See above p. 53.

²²⁷) (1838) 3 My. & Cr. 338.

²²⁸) (1863) 4 De G. J. & S. p. 149.

Lord Chancellor ²²⁹⁾ referred to *Millington v. Fox* and said: "The case is very important as establishing the principle that the injunction of the court in the protection of trade marks rests upon property, and that fraud in the defendant is not necessary for the exercise of that jurisdiction. — Imposition on the public is indeed necessary for the plaintiff's title, but in this only that it is the test of the invasion by the defendant of the plaintiff's right of property, for there is no injury if the mark used by the defendant is not such as is mistaken, or is likely to be mistaken, by the public, for the plaintiff's. But the true ground of this Court's jurisdiction is property, and the necessity of interfering to protect it by reason of the inadequacy of the legal remedy."

Although the right to a trade mark thus became strongly assimilated to property rights, it may be induced from the dictum, especially from the reference to the necessity of equitable jurisdiction in view of the inadequacy of the legal remedy and from the necessity of deception, that a wider principle than the mere protection of the right in the trade mark underlies this jurisdiction, namely the equitable principle to protect fair trade as such. That should be born in mind, whenever, in later cases, the judges are speaking of property in connection with a trade symbol. The judicial achievement of the cited cases was, that innocent as well as fraudulent infringements of a trade mark are actionable. The reference to the property hypothesis was only the way to found the conclusion. Whether such a foundation is justified, especially in passing off cases, is doubtful. Mellish L. J. dictum in *Singer Manufacturing Co. v. Wilson* ²³⁰⁾ supports this view. "Some judges have proceeded on a general principle, that there is a property acquired in a trade mark or trade name to this extent that no one else is entitled to use that mark or name at all as applied to the particular article, in connection with which it has been used, even though he does it perfectly innocent and in a way not calculated to deceive. ²³¹⁾ That of course is departing altogether from the principle, that the right to prevent the use of a trade mark or trade name is founded on deception and false representation. It carries the doctrine, that there is a property in the name or mark, much further than it has ever been carried before. You first say the right to use the name or the mark can be made the subject of purchase, and therefore it is a property, and then you proceed to draw the further inference that, as it is a property, whether it is used in a way calculated to deceive or not, you can prevent any one else from using it. That to my mind would be going further than the English Courts have ever gone."

²²⁹⁾ *ibid*, at p. 156.

²³⁰⁾ (1875) 2 Ch. 434, at p. 453.

²³¹⁾ What would, in fact, be the appropriate protection of a full property right.

In *Singer Manufacturing Co. v. Wilson* ²³²⁾ the question was plainly examined by several judges and it is shown, that the right to prevent the use of a trade symbol is founded on deception and false representation. The law had, however, not enough developed at that time to make it evident, that innocent passing off should be restrained whenever it seemed equitable. The judges admitted such proposition for cases, where trade symbols were used in close connection with the goods sold and passed off, but demanded still fraud in cases, where the defendant had passed off his goods as those of the plaintiff, without putting, however, in any way the plaintiff's trade symbols on the goods. The present case was said to fall within the second class. At there was no proof of any fraud, the action was dismissed in both instances, High Court of Justice and Court of Appeal.

The facts of the case were the following: The plaintiffs, an American company, had for some time manufactured and sold sewing machines in Great Britain as well as in America. They alleged that their manufacture had acquired a great reputation under the name „Singer“. The name was generally understood as meaning any machine manufactured by the plaintiffs, and was not used to designate any particular construction of machine. At the time of the suit, the plaintiffs were not possessed of any patent right in their machine.

The defendant was a manufacturer and retail dealer in sewing machines in London, Dublin and other places in England. The trade mark to designate his manufacture was entirely different. On his price lists, he had, however, described one type (among several others) of his machines as “Singer Machine“, though he clearly stated, that this machine was his manufacture. Thereupon the present action was brought to restrain the defendant from using such a name.

On appeal, the House of Lords ²³³⁾ held, that evidence should be completed and therefore remitted the case to the Chancery Division. Concerning the law, Lord Cairns stated ²³⁴⁾, dissenting with High Court and Court of Appeal, that it made no difference, whether marks were used on the goods of the defendant or by way of advertisement only. And passing to the question of fraud, he concluded, that it is not necessary to be proved in order to obtain protection for a trade mark. That the action must depend only upon the right of the plaintiff and the injury, done to that right.

It is difficult to understand these arguments. Sometimes it was said that they constituted only a criticism, that Chancery and Court of Appeal had decided the case on incompleteness of evidence, sometimes they were understood to be a reversion of these decisions, partly on the ground that the name “Singer” was itself a trade mark, partly because there was no more

²³²⁾ (1875) 2 Ch. 434.

²³³⁾ (1877) 3 Appl. Cas. 376.

²³⁴⁾ *ibid*, at p. 381 seq.

need to prove fraud in the case of business symbols than in that of a trade mark, because the right to any business symbol were a property right as well as the right to a trade mark. ²³⁵⁾ Lord Blackburn ²³⁶⁾ however said in the same case, that he was not prepared to assent to the proposition that there is a right of property in a name. Such proposition had, in his opinion, never been the ground, on which a decision of the House of Lords had proceeded.

Singer Manufacturing Co. v. Loog ²³⁷⁾ cleared up the subject matter. The plaintiffs used the word "Singer" as a designation of all the sewing machines manufactured by them, accompanied by specific words to distinguish different kinds. The defendant was the English agent of the Sewing Manufacturing Co., a company established in Berlin. He sold sewing machines, which he described in his invoices, price lists and circulars as being made on the Singer System and the like, with explanations showing that they were made in Berlin. He also put on some machines a label with the words "Singer machine" with some additional words referring to the foreign makers. He did not insist on continuing the use of the label, but justified his use of the word "Singer" by alleging that it had ceased to designate machines manufactured by the plaintiffs, and had come to mean machines made upon a certain system, by whomsoever made.

It was held by Bacon V. C. that the defendant's allegation was disproved, and that the plaintiffs were entitled to an injunction both as to the label and the price lists, circulars and invoices.

The defendant appealed, except in so far he was restrained from affixing the plates and labels to his machines. The Court of Appeal held, that whether the defendant's allegation was true or not, the injunction ought to be refused on the ground, that the documents were not calculated to deceive by representing the defendant's machines to have been manufactured by the plaintiffs. James L. J. gave a very clear statement of the law ²³⁸⁾: "No man is entitled to represent his goods as being the goods of another man, and no man is permitted to use any mark, sign or symbol, device or other means, whereby, without making a direct false representation himself to a purchaser, who purchases from him, he enables such purchaser to tell a lie or to make a false representation himself to somebody else who is the ultimate customer. That being, as it appears to me, a comprehensive statement of what the law is upon the question of trade marks or trade designations, I am of opinion, that there is no such thing as a monopoly or a property in the nature of a copyright, or in the nature of a patent, in the use of any name. Whatever name is used to designate

²³⁵⁾ Winfield, op. cit. p. 589.

²³⁶⁾ (1877) 3 Appl. Cas. at p. 400.

²³⁷⁾ (1880-82) 18 Ch. 407, 8 Appl. Cas. 15.

²³⁸⁾ (1880) 18 Ch. p. 412.

goods, anybody may use that name to designate goods, always subject to this, that he must not, as I said, make directly or through the medium of another person, a false representation that his goods are the goods of another person. That I take to be the law."

Cotton L. J.²³⁹⁾ was of the same opinion. He referred to *Singer v. Wilson*²⁴⁰⁾ and said, that the House of Lords would not state any principles, but only express the opinion, that evidence was not sufficient to decide that case. That there was, in his opinion, nothing in that case or in the speeches made by the learned Lords, which would be inconsistent with the decision at which he arrived in this case. If there had been, he should of course have bowed, whatever his own opinion was, to the decision of the House of Lords.

The interpretation by Cotton L. J. of the decision of the House of Lords in *Singer v. Wilson* seems to be justified, in particular with regard to the dictum of Lord Blackburn. It is, however, a good, practical illustration of what a judge of a lower court is allowed to do in respect of the theory of precedent, because it is not at all obvious to give to the decision this interpretation.

On appeal, the House of Lords came, in *Singer v. Loog*²⁴¹⁾ to the same conclusions as the Court of Appeal and it gave the same interpretation to its decision in *Singer v. Wilson*.

I think no doubt is left as to the real nature of the passing off action. It is plainly stated that fraud need not to be proved in passing off of any sort and that the plaintiff has a right to restrain the defendant as soon as the misrepresentation is deceptive or calculated to deceive and likelihood of damage is proved. It rebuts the opinion sometimes held, that this right of the plaintiff is a property right in the real sense of the word, and weakens considerably the importance and conclusions, sometimes attributed and made by the authors in respect of the decision in *Singer v. Wilson*. More recent authorities only confirm these principles.²⁴²⁾ The remaining question therefore is, in how far proof of deception and damage must be given in order to succeed in the action.

²³⁹⁾ *ibid*, at p. 417.

²⁴⁰⁾ See above p. 60.

²⁴¹⁾ (1882) 8 Appl. Cas. 15 seq.

²⁴²⁾ *Reddaway v. Banham* (1896) A.C. 199, esp. per Lord Herschell at p. 209. *Powell v. Birmingham Vinegar Brewery Co* (1896) 2 Ch. 54, (1897) A.C. 710. *Spalding v. Gramage* (1915) 31 T.L.R. 328, esp. at p. 329. *Stone J. B. & Co. v. Steelace Manufacturing Co* (1929) 46 R.P.C. p. 192, esp. at p. 199 seq. *Saville Perfumery v. June etc.* (1941) 58 R.P.C. 147, esp. at p. 166/67 and p. 175. *Office Cleaning Services v. Westminster Office Cleaning Assoc.* (1944) 2 A.E.R. 269. *Sales Affiliates Ltd. v. Le Jean* (1947) 1 A.E.R. 287.

4. *Proof of deception and damage in passing off.*

In speaking of deception or probability of deception, the direct effect on the public of a false representation by the defendant is meant. We have mentioned before, that deception of the public is necessary to give a passing off action. The uncertainty, long time existing as to the conception underlying the action has lead to uncertainty as to the required degree of proof of deception. It is now settled by authority, that deception or likelihood of deception must be proved in a passing off action, though it may sometimes be difficult to decide, whether there is likelihood of deception or not. The judges were well aware of that and it is laid down in *Hendriks v. Montagu* ²⁴³) that the crux of the matter is to determine the probable effect of the defendant's taking of a certain name or business symbol on the minds of the public. A dictum of Brett L. J. ²⁴⁴) may illustrate the problem: "The question is simply whether the name they (the defendants) have adopted for a business of the same kind and in the same city is so like to the name of the plaintiffs, which they (the plaintiffs) have used for so long a period as in fact to enable the defendants to appropriate or to result in the defendants' in fact appropriating, a material part of the business of the plaintiff's company, by misleading people to suppose that they were dealing with the plaintiffs when, in fact, they were dealing with the defendants."

In the present case, the defendants intended to set up an insurance business under a similar name as the plaintiffs' insurance company with the principal office in near neighbourhood of the plaintiffs' principal seat in London. Probability of deception and damage was admitted and the injunction granted.

Whether there exists deception or likelihood of deception depends therefore mainly on the particular circumstances of a case. A good scheme for the solution of the question has been given by Lindley L. J. in *Reddaway v. Bentham*. ²⁴⁵) In this case, the plaintiff offered no evidence to prove that the defendants had ever sold their belting as the plaintiffs' belting, or that any person had bought the defendants' belting upon the suggestion, that it was made by the plaintiffs: Lindley L. J. followed: "To obtain an injunction in a case like the present, it is not necessary to prove an intention to mislead. All that need be proved is that the defendants' goods were so marked, made up or described by them as to be calculated to mislead ordinary purchasers and to lead them to mistake the defendants' goods for the goods of the plaintiffs. The fact that no proof can be given that any one has been misled will be some evidence to show that no one is likely to be

²⁴³) (1881) 17 Ch. 638.

²⁴⁴) *ibid*, at p. 648.

²⁴⁵) (1892) 2 Q.B. 639, at p. 644.

misled. But the absence of such proof is by no means conclusive; much must depend on the time the defendants have been carrying on their business in the way complained off."

In considering, whether deception is probable, account is to be taken not of the expert purchaser, but of the ordinary ignorant and unwary member of the public. This has been stated by Lord Selborne in *Singer v. Loog* ²⁴⁶⁾: "The principles applicable to such a case are well established, and have been several times recognized in your Lordships' House, the most recent authority in this House being *Johnson v. Orr Ewing*, ²⁴⁷⁾ The imitation of a man's trade mark, in a manner liable to mislead the unwary, cannot be justified by shewing, either that the device or inscription upon the imitated mark is ambiguous, and capable of being understood by different persons in different ways, or that a person who carefully and intelligently examined and studied it, might not be misled." This dictum was, as its content shows, delivered in a trade mark case, but it is, as such, applicable to passing off cases. ²⁴⁸⁾

Concerning the proof itself of deception or probability of deception, it follows from the decisions, that in cases of fraud, the onus is not very heavy. The courts are inclined to assume that the defendant will succeed in accomplishing that which he has intended to accomplish. ²⁴⁹⁾ In *Iron Ox Remedy Co. v. Co-operative Wholesale Society* ²⁵⁰⁾ the plaintiffs were sellers of "Iron Ox Tablets". The defendants, being unable to obtain the plaintiffs goods for sale, obtained from a manufacturer, and sold to retailers for resale "Compound Iron Oxide Tablets", with the avowed intention of facilitating competition with "Iron Ox Tablets". The defendants' tablets contained iron oxide, practically useless as a drug, and also other and useful drugs. The plaintiffs tablets contained no iron oxide. On a claim for an injunction, it was held, that the defendants chose the name in order to supersede the plaintiffs' goods. That it was not legitimate trading and likely to lead to confusion and therefore, the injunction was granted. Dealing with the question whether there was likelihood of deception, Parker J. said ²⁵¹⁾: If the conclusion once arrived at is that the description was adopted not with the object of fairly describing the goods to which it is applied, but with the object either of actually misleading the public or taking an undue advantage of the business connection, or the expenditure, of a rival trader, it does not, I think, require much further evidence to justify the conclusion, that the public is likely to be misled, and on the assumption that the

²⁴⁶⁾ (1882) 8 Appl. Cas. 15.

²⁴⁷⁾ (1882) 7 Appl. Cas. 219.

²⁴⁸⁾ See *Grand Hotel Co. of Caledonia Spring v. Wilson* (1904) A.C. p. 103, at p. 111/12, *Th. Bear & Sons v. Prayag Narain etc.* (1940) 84 Sol. Jo. 368.

²⁴⁹⁾ Salmond, op. cit. 595.

²⁵⁰⁾ (1907) 24 R.P.C. 425.

²⁵¹⁾ *ibid*, at p. 430.

goods are so described as to be likely to mislead the public, it is not necessary to prove, that anyone has actually been deceived or misled; and therefore, further description may be liable to an injunction, even though the class of persons to whom he supplies them are certain to know what the goods are, and are not themselves likely to be in any way misled."

Where there is, however, no fraud in the act of the defendant, the onus concerning the proof of probability of deception is a very heavy one. In such a case, the court must take care not to confer upon the plaintiff a monopoly greater than that to which he is entitled. ²⁵²⁾

Passing off may have, apart from its effect to deceive the public, the effect to cause damage or probability of damage to the plaintiff's trade. In how far is proof of damage or probability of damage necessary to support the action?

In most passing off cases, damage or likelihood of damage to the plaintiff's trade will be the natural consequence of the deception of the purchasing public, but particular circumstances may, sometimes, negative such consequences. To be able to say, even in such a case, whether an action can be given and to determine the basis, on which a claim for damages is founded, it is of particular use to deal with the problem, whether damage is the gist of the action or whether passing off is actionable per se.

There are several cases, in which it was suggested, that damage or likelihood of damage is the gist of the action. In *Street v. Union Bank of Spain*, ²⁵³⁾ the plaintiffs, advertising agents in London, used for their abbreviated telegraphic address and name the expression "Street London". The defendants used the same abbreviation and the plaintiffs alleged, that they had thereby suffered damage, because their telegrams had been sometimes delivered to the defendants and thereby been delayed. The court held, following *Day v. Brownrigg* ²⁵⁴⁾ that what it was asked for was merely to prevent inconvenience. That the two business were so unlike that it would be impossible that one firm could attempt to take away the business of the other. That it would be going beyond the jurisdiction of the court to grant an injunction where there was no attempt to interfere with trade, no legal injury done.

Society of Motor Manufacturers & Traders v. Motor Manufacturers etc. ²⁵⁵⁾ was decided on similar principles. The plaintiffs were a company for promoting, encouraging and protecting the motor trade in general. The defendants, who adopted the descriptive words "Motor Manufacturers & Traders" as part of their name, were carrying on a business of insurance

²⁵²⁾ See par Lawrence J. in *Society of Motor Manufacturers & Traders v. Motor Manufacturers etc.* (1925) Ch. 675, at pl. 686.

²⁵³⁾ (1885) 30 Ch. 156.

²⁵⁴⁾ (1878) 10 Ch. 294.

²⁵⁵⁾ (1925) Ch. 675.

against motor risks. The plaintiffs brought an action to restrain the defendants from the use of such a similar name. It was however held, with reference to *Walter v. Ashton* ²⁵⁶) and *Dunlop Pneumatic Tyre Co. v. Dunlop Motor Co.* ²⁵⁷) that there was no tangible risk of injury to the plaintiffs' business owing to the similarity of name, and the action was dismissed. Lawrence J. ²⁵⁸) came to the following conclusion: "Damages or likelihood of damages to property is the gist of all such actions, and unless a plaintiff can prove that his credit or business has suffered damage or that there is a tangible risk or probability of his credit or business reputation suffering damage, no action will lie."

Farwell J. seemed to be of a similar opinion, when he said in *Sturtevant Engineering Co. v. Sturtevant Mill Co.* ²⁵⁹): "The gist of an action of this kind is damage. That is to say, one person or company cannot complain of another person using the name or the title or a word in a name like that of an existing company unless it can show that the result of so doing has been, or will be, the cause of serious damage to the plaintiff in the action."

In *Draper v. Trist* ²⁶⁰), language was used, that the right, which is infringed in a passing off case, is one which is to be regarded as one the mere violation of which leads to damage. In other words, that it is not regarded as a case, in which damage is of the gist of the action. ²⁶¹) It was a case of assessment of damages in a sale of a large quantity of deceptive goods to a middleman before the Court of Appeal. It could be inferred that such language is not in accordance with the principle elaborated above. In taking, however, the authority as a whole, I think it is in accordance with this principle. As consent was given by the defendant concerning the question of fraud, the action could be treated as an action for fraudulent passing off. For these cases the rule of evidence applies, that it can be assumed that damage results and therefore, proof of actual instances of loss is not necessary. The first instance judge had, however, only awarded 40 s. nominal damages. The Court of Appeal disagreed in so far, that in such a case, the ordinary knowledge of business which a man is entitled to use, tells him, that it is impossible in business to put upon the market large quantities of deceptive good without doing, at any rate, some damage. And because evidence of deception was given, a sum of 40 s. damages was held inappropriate, although actual damage was not proved.

²⁵⁶) (1902) 2 Ch. 282.

²⁵⁷) (1907) A.C. 430.

²⁵⁸) (1925) Ch. at p. 686.

²⁵⁹) (1936) 3 A.E.R. 137, at p. 145.

²⁶⁰) (1939) 3 A.E.R. 513.

²⁶¹) *ibid*, per Greene M.R., at p. 518.

5. *The reliefs granted in a passing off action.*

The reliefs granted to the plaintiff in a passing off action are:

- a) an injunction
- b) an order for the delivery up for destruction, or for erasure of the names or other badges, of any goods already marked with the deceptive names or badges, and in possession or under control of the defendant.
- c) damages in respect of the past interferences with the plaintiff's right or
an account of the profits made by the defendant by the sale of deceptive goods.

What concerns injunction and order for delivery, nothing more has to be said. As soon as deception or probability of deception on the part of the unwary purchaser and likelihood of damage to the plaintiff's trade are proved, these remedies may be granted in a passing off action, notwithstanding whether the defendant acted innocently or not.

Concerning damages or account of profits, we must make a difference, whether the passing off was innocent or not. In fraudulent passing off, the plaintiff has the discretion to claim an inquiry into damages or an account of profits. It is enough that the plaintiff shows deception or probability of deception. Damage or likelihood of damage is presumed by the law and it is therefore the duty of the judge to estimate the damage or profits lost. And even the plaintiff being not able to prove some special damage, he still can recover some substantial damages.²⁶²⁾

In innocent passing off, however, the plaintiff cannot claim for an account of profits. In *Edelsten v. Edelsten*²⁶³⁾, it was first held, that no account of profits could be awarded up to the time, in which the defendant was unaware of the plaintiff's right to a business symbol, which was used by him. This decision still stands. Concerning damages, no substantial, but probably nominal damage can be awarded for innocent infringement of the plaintiff's right. The law is not quite settled on the point.

We have mentioned before²⁶⁴⁾, that there exists a tendency, to-day, to merge the principles of Equity and Common law. In fact, Greene M. R. said in *Draper v. Trist*²⁶⁵⁾, that he would be prepared, if it were necessary to do so, to admit, that both in claiming damages and in claiming purely equitable reliefs, whether by way of injunction or by way of account of profits, or both, fraud is not necessary in the transaction. Because a consent

²⁶²⁾ See Winfield, op. cit. 241, Kerly, op. cit. 518. *Draper v. Trist* (1939) A.E.R. 513.

²⁶³⁾ (1863) 1 De G. J. & S. 185, Hanbury, Equity, p. 93.

²⁶⁴⁾ See above, p. 15.

²⁶⁵⁾ (1939) 3 A.E.R. 513.

order was made he was not obliged to decide the question in this case. Clauson L. J. however expressed in the same case, that he should feel great difficulty in answering that question in general terms and without reference to the facts of a particular case. And Goddard L. J. shared with him that doubt. So do I. There is once the theory of precedent, which would be against such practice. And after all, a good deal of moral equity is on the ground of the decisions, which provide, that innocent infringers should not be held liable for damages or for the payment of profits, which they produced in good faith. It should not be forgotten, that the jurisdiction of Equity, in passing off, is, as it is said in *Hall v. Barrow* ²⁶⁶) based on the necessity of interfering where inadequacy of the legal remedies was shown. The protection, achieved by law and Equity together, appears to be very appropriate.

²⁶⁶) (1863) 4 1]e C. J. & S. p. 149.

Chapter 3.

COMPARISON:

1. *A methodical comparison.*

Further inquiry into the law of torts would show that in many other torts, apart from slander of title and passing off, cases of unlawful competition might be found; for instance in interference with goodwill, in interference with freedom of contract, in breach of statutory duty and in unlawful threats. But like slander of title, these torts are not confined to cases of unlawful competition in the continental sense, i.e. it is not necessary that there exists a common field of activity, in which both, plaintiff and defendant are engaged. A tort of unfair competition, as a continental lawyer would understand it, has properly been recognized hitherto only in passing off. For the establishment of this tort, it is an essential condition, that a common field of activity in profession or business exists between the parties.²⁶⁹⁾ The question, in how far such a relationship has to be established, has found a similar solution in Swiss and English law. It is not necessary, that there exists a relationship of competition in the strict sense of the word. But it is sufficient that if a retail dealer uses, for instance, the trade name of the goods of a manufacturer or wholesale dealer, with no intention of competing with him, but only in order to increase his sales, because he thereby uses, to his profits and at the expenses of somebody else, the reputation achieved by another man.²⁷⁰⁾

Apart from this, the necessary conditions, which have to be proved in the different torts in order to establish liability, are different. We have seen, that in some torts, it is the violation of a particular personal right (English law does not know the general notion of the right of personality, expressed in Art. 28 Swiss Civil Code) or property right, that in others, it is to be shown that a deceptive or otherwise improper act is against common fairness in trade, an infringement of the plaintiff's right to fair competition. But though English law recognizes a right to compete freely, it does not go, even in the latter class of cases, so far as Swiss law, because it does not know a protection of free competition as such, but requires, apart from the abuse of his right by the defendant, always an infringement of some right in the plaintiff. The construction of Swiss law, i.e. the freeing of the notion of unlawful competition from the condition of a probability of infringement of another competitor, is, at least as far as civil protection is concerned, probably of little practical importance. For the "*legitimitas activa*" is only

²⁶⁹⁾ *British Medical Assoc. v. March* (1931) 47 T.L.R. 572. *Mc. Culloch v. May Ltd.* (1947) 2 A.E.R. 845. See 5 *Modern Law Review* (1941-42) p. 146.

²⁷⁰⁾ cp. BG 55 II 342 with *Sales Affiliates v. Le Jean* (1947) 1 A.E.R. p. 287.

given to somebody, whose custom, business credit or business reputation is diminished or threatened to be diminished.²⁷¹⁾

Furthermore, proof of malice and special damage are required in slander of title for an injunction as well as for damages. In passing off, proof of likelihood of deception and damage is necessary to get an injunction, while proof of fraud and likelihood of deception are necessary for substantial damages. In interference with goodwill, the conditions for liability and the remedies are similar to those in passing off. Where the defendant compels the plaintiff by threats of an unlawful act to adopt a certain course of conduct, injunction and damages are granted under the condition only, that such course of conduct causes damage to the plaintiff's trade or business.

There are, in English law, no such general provisions as there are in Swiss law, namely that every abuse of free competition by use of deceptive or other means, which are a violation of the principles of good faith, is actionable, that injunctive remedies can be granted in every form of innocent unlawful competition under the same conditions and that for an action for damages, culpability must be proved. The methodical difference between Common law and Civil law is thereby well shown. Civil law proceeds from the general rule to the singular application, Common law from the singular case to sets of cases, to types of forms, in which unlawful competition may occur. But the more wide a field Common law covers, the easier it becomes to see general principles which underlie the cases. And though the law is still methodically more or less casuistic on the point, and, due to the theory of precedent, of a certain rigidity and consistency, it is no doubt a tendency to extend the underlying idea of Equity jurisdiction in passing off, namely to protect trade competition according to the principles of fair dealing and good faith. This tendency, an instance only of the development, in which English law of torts stands, is illustrated for instance in *Sales Affiliates v. Le Jean*.²⁷²⁾ The plaintiffs in this case were proprietors of registered trade marks relating to "Jamal" lotion and "Vapet" sachets, both materials used in a special process of hair waving (Jamal hair waving) and manufactured by X, but for the plaintiffs only. Both, lotion and sachets contained a secret chemical composition and the distinctive feature of the wave lay in their composition. The defendant used sachets other than the plaintiffs' several times for the "Jamal hair waving", meaning a wave performed by a particular method, in which it was essential that the plaintiffs' above mentioned articles should be used.

The facts show, that it was not an ordinary passing off case. It was

²⁷¹⁾ cp. UWG Art. 8, Jossi, op. cit. p. 25/26.

²⁷²⁾ (1947) 1 A.E.R. 287.

held, ²⁷³⁾ that the plaintiffs could not have any right other than a patent in a special process. And that on the other hand, if a trader carried out what is supposed to be that process with articles other than the branded articles, he is doing something which is wrongful. That it would be great hardship and injustice, if in a proper case, the arms of the law were to short to protect a reputable business. In proceeding analogous to passing off, the judge therefore made a declaration, that the defendant was not allowed to such proceedings, and awarded 40 s. damages.

It is, in fact, difficult for English judges, whose decisions are only concerned with the particular cases under consideration, to consider wide principles like unfairness of trade or abuse of right. At least they cannot formulate those principles in general terms as normative rules for other cases. But the more they approach the outlook, that there is a general principle of liability in tort, the less difficulty they will find in basing unlawful competition law on a uniform ground. The criticism, in the *Modern Law Review* ²⁷⁴⁾ of the judgment in *London Armoury Co. v. Ever Ready Co.* ²⁷⁵⁾ is exemplary for this. It was a case in which one of two competitive importers of the same goods did not mark the goods as foreign make, to which he was obliged by statute, and therefore got advantages in the sale. He was only fined for breach of statutory duty, but the judge did not examine further, whether unlawful competition was established as well. The criticism was, that a opportunity had been missed in the case under view to show, that the courts are not helpless in matters of unfair competition, because the case afforded an instance of invoking a general principle of liability in tort.

These lines show, that it should never be forgotten, that English Common law is still growing and has, apart from its consistency, a vivid possibility to adapt itself at any time to the necessities of life, more probably, than Civil law is able to do. That Common law does this by means of singular decisions only shows, how carefully and minutiously it develops its principles.

This has methodical disadvantages. Common law is difficult to handle and complex with regard to the general lines, which underlie it. It has on the other hand the advantage, that it is concrete and in close touch with the needs of daily life and deciding every particular problem at its roots.

2. *A comparison of the principles.*

When we compare the protection against unlawful competition of a Civil law system, for instance the Swiss system, and the Common law

²⁷³⁾ *ibid*, per Evershed J. at p. 289 seq.

²⁷⁴⁾ (1941-42) 5 *Modern Law Review*, p. 146.

²⁷⁵⁾ (1941) 1 K.B. 742.

system, if we come to the conclusion, that they do, in effect, not differ very much.

Swiss law proceeds, like English law, on the principle, that trade competition as such is lawful.²⁷⁶⁾ even if it may be ruinous to those who are beaten in it. Competition becomes unlawful as soon as the competitive acts are a violation of the principle of good faith, causing an infringement or a probability of infringement to the plaintiff's custom, credit or business as such. For the limitation between lawful and unlawful competition, main stress is laid upon the examination of whether the competitive acts are in accordance with good faith. Such general terms, however, need exemplification. The notion of good faith is an abstract norm of conduct, and in every singular case, it has to be examined whether the conduct falls within such norm of conduct or not. To decide it in practice is the duty of the judge. Art. 1 al. 2 of the Swiss Statute gives, mostly in summarizing the past jurisdiction of the Swiss Supreme Court, 6 classes of cases, which are examples of what should be held to be unlawful competition. These special provisions are therefore applications, cases of induction to the general rule, which have to fulfill the general clause, i.e. must be acts, done with deceptive or otherwise improper means, which are against good faith and cause infringement or probability of infringement to the plaintiff's custom, credit or business as such.

In English law, such a general principle like good faith is not yet undoubtedly recognized. We have, however, seen²⁷⁷⁾, that where the courts are not bound by precedent, and sometimes even in the application of precedent, a tendency towards a general principle of liability, which no doubt is based on the principle of good faith, can be notified. Furthermore, the bulk of precedents on the special torts relating to unlawful competition are, like the special provisions in Art. 1 al. 2 of the Swiss Statute, cases of induction to a somehow hidden general rule, which the English judge takes into consideration in so far as his work is deductive. And, as we have seen, it is inductive and deductive at the same time.²⁷⁸⁾

It is therefore of interest to compare the elaborated solutions as to the problems relating to English law of unlawful competition with those Swiss law gives in this branch.

a) Art. 1 al. 2 lit. a of the Swiss Statute provides, that it is a violation of good faith to lower traders, their goods, professional achievements or business by means of untrue, deceptive or unnecessarily disreputable utterances. In English law, this class of cases is mainly covered by slander of title. We may however ask, whether unnecessarily disreputable utterances fall under slander of title, the definition of which contains as a

²⁷⁶⁾ German, ZBJV (1936) 72, p. 49 seq.

²⁷⁷⁾ p. 11 above.

²⁷⁸⁾ p. 1 above.

main element the necessity of a false statement, ²⁷⁹⁾ whereas such utterances need not, according to Swiss law, be necessarily false. Both, English and Swiss law are probably not yet settled on the point. ²⁸⁰⁾ The decision of a case in this subject matter depends, at least, mainly on the actual facts. A case like *Hughes v. Samuel Bros*, ²⁸¹⁾ shows, that Common law does not formally uphold the necessity of the existence of a false statement in order to give a action for slander of title, but is susceptible to protect cases analogous to those, in which Swiss law gave a remedy against unnecessarily disreputable utterances. ²⁸²⁾ And the dictum of Kelly C. B. in *Riding v. Smith* ²⁸³⁾, a case of defamation, says that there are, apart from the law of slander of title, precedents, which cover, according to their particular facts, similar cases. *Unnecessarily disreputable cases* will therefore be, in English law, very often cases of defamation, though it is not at all impossible to claim the restriction in slander of title. A condition to be proved is then, that the disreputable utterances affect the plaintiff in his business connexions.

Slander of title may consist in a false statement about the plaintiff's person, which violates him in his private life or is deceptive to his business or personal reputation or to his credit. Cases like *Shepherd v. Wakeman* ²⁸⁴⁾, where the defendant, who was held liable, falsely and maliciously represented to X that the plaintiff, to whom X was engaged to be married, was a married woman, in consequence of which X broke off his engagement, as well as cases like *Riding v. Smith* ²⁸⁵⁾, *Shapiro v. La Motta* ²⁸⁶⁾ and *Balden v. Shorter* ²⁸⁷⁾ show, that English law does give a remedy disregarding whether the statement is brought into a certain connexion to the plaintiff's business or not. This form of slander of title does therefore include cases, which can be subsumed, in Swiss law, either under Art. 28 of the Civil Code or under the special rule of the Statute concerning unlawful competition, providing to be liable who does lower a trader by means of untrue, deceptive or unnecessarily disreputable utterances.

Another main form of slander of title is the false statement about the plaintiff's business, i.e. statements, which consist in a false and malicious depreciation of the quality of merchandise manufactured or sold by the plaintiff, (slander of goods) and false statements about the plaintiff's business in general. ²⁸⁸⁾ Cases of slander of goods like *White v. Mel-lin* ²⁸⁹⁾ or false statements about the plaintiff's constructions like *Alcott*

²⁷⁹⁾ p. 21 above.

²⁸⁰⁾ for Swiss law, see Germann, concurrence déloyale, p. 257.

²⁸¹⁾ p. 22 above.

²⁸²⁾ Swiss Supreme Court 21, 1176, 58 II 459, 59 II 25.

²⁸³⁾ p. 23/24.

²⁸⁴⁾ (1662) 1 Sid. 79.

²⁸⁵⁾, ²⁸⁶⁾, ²⁸⁷⁾, ²⁸⁸⁾ See above p. 23, 24, 37, 41.

²⁸⁹⁾ p. 31 above.

v. Millar's ²⁹⁰⁾ or his business in general like *Casey v. Arnott* ²⁹¹⁾, where the plaintiff, a shipowner, was falsely alleged to have unseaworthy ships, in consequence of which the crews refused to proceed to sea and negotiations with traders fell through, are illustrations to the conclusion, that English law did not proceed otherwise than the Swiss jurisdiction underlying to Art. 1 al. 2 lit. a of the Statute. ²⁹²⁾ And both systems state an exception, where the defendant, in slander of goods, does limit himself to a mere comparison of his own goods with those of the plaintiff without untrue specific allegations to some defects in the plaintiff's goods, such statement being not actionable. ²⁹³⁾

Slander of title may also be a false statement about the plaintiff's title to intangible personal property, i.e. a right to a patent, copyright or trade mark. As far as the plaintiff's right is disparaged, Statutory remedies are mainly invoked, although Common law remedies can be claimed alternatively. ²⁹⁴⁾

The protection of trade marks, patents and copyrights is provided in Swiss law by special statutes, however limited in their scope of application. ²⁹⁵⁾ Beneath, the action against unlawful competition was available as a subsidiary one. The new Statute gives to the action even the character of a concurrent one, thus fully guaranteeing the protection of the principle, that every disparagement of the immaterial rights of the plaintiff, be it one restrained by special statute or not, should find — as a violation of good faith — its remedy. ²⁹⁶⁾ The Swiss case in 60 II 121 is very instructive, and — as a case of affection of one man's trade by the false charge, that the goods offered by him are an infringement of another man's patent — applied by analogy shows, that a false statement about the plaintiff's title to untangible personal property can be subsumed under Art. 1 al. 2 lit. a of the Statute.

As far as we already examined in our comparison the scope of the action for slander of title, we have not found fundamental differences to the action according to Art. 1 al. 2 lit. a of the Swiss Statute. The clear distinction between the action according to Art. 28 of the Civil Code and the action against unlawful competition Swiss law makes is, however, sometimes effaced in English law, what has a systematical disadvantage rather than one in judicial protection. Like in Swiss law, not

²⁹⁰⁾ p. 43 above.

²⁹¹⁾ (1876) 2 C.P. 24.

²⁹²⁾ 55 II 181/82, 56 II 30, 58 II 24 and 459, 59 II 21, 61 II 345.

²⁹³⁾ see p. 42/43 above and n. 292 above.

²⁹⁴⁾ p. 24 above.

²⁹⁵⁾ Art. 38 Patent Act, Art. 42 Copyright Act, Art. 24 Trade Marks Act.

²⁹⁶⁾ F. Meili, *Prinzipien des schweiz. Patentrechts* (Zürich 1890) 75. H. David, *Komm. zum schw. Markenschutzgesetz* (Basel 1940) 49. E. Matter, in *MuW* (1934) 364. 51 I 340, 60 II 130.

only canvassing custom, but every infringement, be it of the credit of the business or of the business reputation, is therefore actionable.

Swiss law does not, however, require proof of special damage and malice for the grant of injunctive remedies. In what concerns damage in slander of title, English law asks for a proof of instances of loss, where it is reasonable with regard to trade practice, but is satisfied with a more general proof like decline of business, where it seems adequate with the special circumstances of a case.²⁹⁷⁾ As regarding malice, knowledge of the falsity of the statement in the defendant is required.

In a first impression comparison, English law seems to be much more rigid and less elaborated in these points. But in examining closely the singular instances, the protection awarded in both legal systems is adequate. In most cases of slander of title, a subjective element is the criterion or at least circumstantial in determining the unlawfulness of an act even in Swiss law.²⁹⁸⁾ And in defamation, which is -- in English law -- to a certain extent subsidiary to slander of title, knowledge of the falsity of a statement is not necessarily required. In *Morrison v. Ritchie*²⁹⁹⁾ for instance, a man was held liable, where he made only a honest mistake. This decision thus approaches that of the Swiss Supreme Court 21, 1190, where it was held, that knowledge of the falsity is not required in a claim for injunctive remedies against unlawful competition.

And, although Swiss law does not require proof of damage or, more generally, decline of business for injunctive remedies, but is satisfied with the threatening of some commercial interest of the plaintiff, be it his custom, credit, professional reputation or business in general, damage or likelihood of damage is in most cases consequential, at least as far as untrue or deceptive slander is concerned, what does diminish the differences in this subject matter as well. It may, however, be admitted, that in a case like *Royal Baking Powder v. Wright*³⁰⁰⁾ or *White v. Mellin*³⁰¹⁾, a Swiss judge would have granted an injunction. But as *Dunlop Tyre Co. v. Maison Talbot*³⁰²⁾ and *British Railways v. The C.R.C. Co.*³⁰³⁾, especially the dictum of Mc Cardie, show, the question of the necessity of proof of actual damage or decline of business is disputed in English law and may very probably find in the future a solution similar to this of Swiss law. Such development would remove the existing incompetence of the English judge to grant an injunction against the further uttering of a false statement, which, in its actual effect, produced only a likelihood of damage, whereas an injunction can be given against further slander, which has actually caused damage.

²⁹⁷⁾ Swiss Supreme Court 21, 1190.

²⁹⁸⁾ Keel, p. 39 seq.

²⁹⁹⁾ (1902) 4 F 645 (a decision of the Scottish Court of Session).

³⁰⁰⁾, ³⁰¹⁾, ³⁰²⁾, ³⁰³⁾ See p. 30, 31 and 32/33 above.

b) Art. 1 al. 2 lit. b of the Swiss Statute provides, that it is a violation of good faith in competition to make a false or erroneous statement about oneself, one's own goods, professional achievements or business in general in order to favour oneself or a third party in competition. This provision has, with Art. 1 al. 2 lit. c and d of the Statute, its real foundation in the principle, that it is unlawful to influence, to one's own or a third party's material interest, free competition by means of improper use of publicity or advertisements of another person. This principle shows, that even a third person can be the author of an unlawful act by encroaching on competition in favour of some rival trader. ³⁰⁴⁾ Cases like *Ratcliffe v. Evans* ³⁰⁵⁾ or *Balden v. Shorter* ³⁰⁶⁾, which may be compared with 56 II 444 or 56 II 34/35, show, that English law involves similar possibilities.

The scope of Art. 1 al. 2 lit. b of the Swiss Statute is covered, in English law, partly by slander of title, partly by passing off. Cases of slander of a title to immaterial property, consisting in the affection of the plaintiff's trade by the false charge that the goods offered by him for sale are an infringement of the defendant's patent, copyright or trade mark, are instances. There is, in fact, little difference between cases like *Wren v. Weild* ³⁰⁷⁾ and 60 II 130, where a business man falsely alleged the pumps of B to be imitations of his patent concerning the Pouponpumps. And 54 II 56 is decided on a similar principle. Here, the Bühler Ltd. had obtained protection of a model for a special chair. The defendants made in a newspaper descriptions of the furniture of a cinema they had furnished, from which could be followed that they were the inventors of the model of the chair said to be unsurpassable. *Thorley's Cattle Food v. Massam* ³⁰⁸⁾, on the other hand, may be compared with 58 II 430, where the Migros Society called, in some newspaper, in an unduly exaggerated manner special attention to the advantages of her goods, or with 52 II 444, where a manufacturer of "plaqué or" goods said the goods manufactured by another person in a different proceeding not to be "plaqué or" good, because such goods could be made only according to his, the plaintiff's proceeding, what was not true.

Another class of cases, which falls under the scope of Art. 1 al. 2 lit. b of the Swiss Statute, embraces cases, where the defendant makes some untrue allegations concerning the age of his business or its relations to another enterprise. The decision in 73 II 180, where it was held, that additions to a firm name, for instance "Grands magasins fondés par Au Printemps

³⁰⁴⁾ von Büren, Komm. B. G. über unl. Wettbewerb (Zürich 1945) p. 72. Botschaft 1942, p. 133/34, Art. 3 Swiss Statute.

³⁰⁵⁾ p. 27 above.

³⁰⁶⁾ p. 41 above.

³⁰⁷⁾ p. 39 above.

³⁰⁸⁾ p. 36 above.

Paris" should be true and not misleading for the public, and the decision in 70 II 158 are instances to this principle. English law as well does protect such principle, though this time by means of the passing off action. *Scott v. Scott* ³⁰⁹⁾ affords the proof. By agreement for dissolution it was held, that one of the partners, R. Scott, should remain at N.; W. Scott retired and set up business for himself at T. It was further agreed, that neither of the partners should use the name of the old firm. Shortly after the dissolution, R. Scott placed his son Robert and J. Nixon in possession of the business at N. They then affixed the brass plate to the door of their premise, bearing the inscription Scott & Nixon, late R. & W. Scott of N. They were held liable for passing off.

Such comparisons could be multiplied.

c) The unlawful assumption of false titles or professional denominations is another form of unlawful competition, though only a special application of the cases mentioned under lit. b above. ³¹⁰⁾ Both, English and Swiss law give their protection in a similar way, i.e. apart from statutory regulations by means of injunctive Common law remedies. ³¹¹⁾ Especially the bodies, which have power to confer the titles, have, in English law, the *legitimatio actionis activa* for injunctive remedies, when the assumption of the title is likely to deceive the public in their business dealings with the delinquent. Thus, an injunction was obtained by the Royal Institute of British Architects against one who falsely described himself as A.R.I.-B.A. ³¹²⁾ *Institute of Chartered Accountants v. Hardwick* ³¹³⁾ and *Society of Accountants v. Goodway* ³¹⁴⁾ are further instances.

As we may further follow from these cases, the principle of the *procuratio* of the *legitimatio actionis activa* to trade associations, established in Art. 2 al. 3 of the Swiss Statute, is not strange to English law. And with the actually favoured development of trade unions, its application will even grow.

It has, however, to be notified, that a trade union can claim remedies for unlawful competition only for the protection of its members, who themselves have a right of action. A trade union cannot be direct subject or object of unlawful competition. Thus it was held in 74 II 112, where the chairman of a trade union said in a public reunion about another trade union to be insolvent, that such proceeding could not be restrained by means of the Statute concerning unlawful competition.

d) By far the largest class of cases in both legal systems is this, which

³⁰⁹⁾ (1866) 16 LT 143.

³¹⁰⁾ Art. 1 al. 2 lit. c of the Swiss Statute.

³¹¹⁾ *Royal Institute of British Architects v. Hindle* (1925) 69 S.I. 367.

³¹²⁾ *id.*

³¹³⁾ (1919) 35 TLR 342.

³¹⁴⁾ (1907) 1 Ch. 489.

is concerned with the principle, that it is unlawful, i.e. a violation of good faith to use, in trade, means, which are intended or likely to create confusion between the goods, professional achievements or business of the defendant with those of the plaintiff. Most cases of unlawful competition, which are reported, fall under this heading, and they cover mainly this branch of the law, which is, in English law, called passing off.

aa) As we have mentioned above ³¹⁵⁾, cases concerning passing off can be classified under two headings: direct misrepresentation and indirect misrepresentation. Cases of direct misrepresentation like *Ainsworth v. Walmsley* ³¹⁶⁾ or *Heidsieck v. Scott & Bishop* ³¹⁷⁾ would be, in Swiss law, subsumed either under Art. 1 al. 2 lit. a or, like *Scott v. Scott* ³¹⁸⁾ under Art. 1 al. 2 litt. b of the Statute. Cases of indirect misrepresentation are, on the other hand, comparable to those cases in Swiss law, which are subsumed under Art. 1 al. 2 lit. d of the Statute. Thus, a misrepresentation about the plaintiff's trade or firm name amounts to unlawful competition in English as well as in Swiss law. In *Levy v. Walker* ³¹⁹⁾, two ladies, V. Charbonnel and M. Walker carried on business in London in partnership under the firm Charbonnel & Walker. V. Charbonnel married Levy. After this, a decree of dissolution was made and it was ordered, that the goodwill and business should go to M. Walker, who carried on business under the same name. Levy and wife started a business under the old name. The action, brought by Mrs. Levy to restrain M. Walker from carrying business under the name Charbonnel & Walker without her being partner failed, because it was held that deception was not likely to occur. In the Swiss case 73 II 110, an action was given and it was held, that confusion between the older firm named Endress Ltd. and Mueller — Endress was likely to occur and that the defendant should be restrained from the use of his wife's maiden name in his firm name. Furthermore, a comparison between *Burgess v. Burgess* ³²⁰⁾ or *Rodgers v. Rodgers* ³²¹⁾ with 37 II 370 shows, that a man is allowed, in both legal systems, to carry on business in his own name as long as he does it honestly, even if it does cause confusion with the business of another. In English law, the use of one's own name is, however, limited to the use in connexion with the business, and does not comprise the use in connexion with the goods. This principle is clearly stated in *Cash Ltd. v. Cash* ³²²⁾, where the defendant commenced a business of manufacture of the same goods as the plaintiff's under the

³¹⁵⁾ p. 48 seq. above.

³¹⁶⁾ (1866) 1 Eq. 518.

³¹⁷⁾ (1926) 43 R.P.C. 101.

³¹⁸⁾ See above p. 76.

³¹⁹⁾ p. 49 above.

³²⁰⁾ p. 50 above.

³²¹⁾ p. 51 above.

³²²⁾ (1902) 19 R.P.C. 181.

same firm name, but did not call his products "Cash products", whereupon it was held that the action had to be dismissed. Swiss law, on the other hand, did extend the application of the rule, that honest use of one's own name may not be restricted, even to the use in connexion with the goods. 37 II 276 and 70 II 184 give the proof: "Si, en principe, chaque individu a le droit de faire le commerce sous son propre nom, de se servir de ce nom comme raison de commerce et marque de fabrique, il y a cependant des cas où l'usage de ce nom revêt un caractère frauduleux et devient en conséquent illicite."

bb) Very numerous are the cases concerning misrepresentation about the trade name of the plaintiff's goods. The expression "trade name" is, used in this connexion, not an expression of a special legal meaning, but embraces, apart from trade marks, especially names, which are used upon or in connexion with goods for the purpose to indicate their provenance from a certain trader, but do not amount to trade marks. If such trade names are in fact known in the market as the distinctive names of the goods of a particular trader, no one else may use them for dealing in other goods of the same description or kind as those in connexion with which they have acquired their distinctive signification. *Singer v. Wilson* ³²³), *Singer v. Loog* ³²⁴) or *Reddaway v. Banham* ³²⁵) are illustrations. In the last mentioned case, the plaintiff had for some years made belting and sold it as "Camel hair Belting", a name which had come to mean in the trade the plaintiff's belting and nothing else. The defendant began to sell belting made of the yarn of camel's hair and stamped it "Camel Hair Belting", so that to be likely to mislead purchasers into believing that it was the plaintiff's belting. He was held liable for unlawful competition.

In Swiss law, similar principles have been laid down, for instance in 37 II 45, where the defendant, a manufacturer of address books, used the trade name Bottin, which was a part of the firm and trade name of the plaintiff, a manufacturer of similar goods. Furthermore, 55 II 342, where the defendant, a trader, used the plaintiff's trade mark Kasha for silk goods, which were not of the plaintiff's manufacture, or 60 II 249, where the plaintiff's trade mark "Bel Paese" for cheese was used by the defendant on imported cheese with the addition "Typo", can be called for comparison.

The fact, that trade names, which are not trade marks in the strict sense of the law, but signs of individualisation, meet an elaborated protection in English law, should not lead to the conclusion, that Swiss law is any different, because here, such names amount mostly to trade marks.

³²³) p. 60 above.

³²⁴) p. 61/62 above.

³²⁵) (1896) A.C. 199.

The principles, laid down in cases of imitation of the get up, may be a proof. And the reasons for the difference in the extent of the law of trade marks proper will be found in the different position of the special Statutes concerning immaterial property towards the Common law, especially with regard to their historical development.

There is, however, a slight difference in the extent of judicial protection, given to such signs of individualisation.

As we have mentioned in p. 52 above, a name, once particular, may become *publici iuris*. Accordingly, evidence is admissible to show, that a word, which was once distinctive for a particular trader's goods, has become common in trade. Or that a particular name of a trader's goods may become associated with another trader's goods, who thereby acquires an exclusive right to its use. Cases are numerous, in both legal systems, where a trade mark or trade name has become, in the course of time, a mere denomination for a certain type of goods. Thus, English courts have declared the word "Liebig" for meat extract ³²⁶⁾, "Valvoline" for motor oil, "Singer" for sewing machines as mere denominations of a type of goods. On the other hand, "Camel hair Belting" for belting ³²⁷⁾, "Iron Ox Tablets" for tablets which did not contain any iron oxyde ³²⁸⁾ have been said to denote products of a particular manufacturer or trader. Contrary to English jurisdiction, the Swiss Supreme Court saw in "Valvoline" a sign of individualisation ³²⁹⁾ and would probably have done the same with the word "Singer".

What are the reasons for such differences? One is expressed by Kerly ³³⁰⁾ who says, that a trade mark or trade name, which has become the sole denomination of a newly manufactured good, could not be protected as soon as a competitor is at liberty to make the same article. Swiss law has completely rejected this argument in 60 II 252. Furthermore, it was recently held by the Swiss Supreme Court, that an established trade name of a good should be protected as long as possible, that its degradation to a mere denomination of a type of goods (*Freizeichen*) should not be admitted as long as such development is not entirely fulfilled, as well in Swiss territory as in public opinion including this of experts, so that a revival could hardly be admitted. ³³¹⁾

English law, though following the territorial principle like Swiss law, still upholds the opinion, that the effect of the use of a trade name on the public is alone decisive for the answer to the problem, whether a trade

³²⁶⁾ Kerly, p. 43 seq.

³²⁷⁾ p. 79 above.

³²⁸⁾ p. 64 above.

³²⁹⁾ 55 II 149, cp. von Büren in ZBJV-84 p. 116 seq.

³³⁰⁾ op. cit. p. 46.

³³¹⁾ 55 II 149, for imitation of the get up see 69 II 295.

name is still mean of individualisation or has become a mere denomination publici iuris. If such trade name has lost, in the opinion of the public, especially the ultimate purchaser, its character of individualisation, protection is denied.³³²⁾

cc) A field of ample jurisdiction is that concerning the imitation of the get up, especially in Swiss law. Departing from the principle of the protection of a right of personality, the get up had, in earlier cases, to be of a particular and original shape. Furthermore, the opinion of the public about its close connexion with the competitor's business or goods had to be proved.³³³⁾ Later cases only require proof of the public opinion about the close connexion with the competitor's business, whereas a particular or original shape of the get-up was no more necessary.³³⁴⁾ And, in application of the new Statute, judges will give the action, if a possibility or probability of confusion between the get up of a trader and this of his rival trader is imminent.

In English law, a particular shape of the get up is still a necessary element for the action. And the get up has also to be common to the trade.³³⁵⁾ Cases of confusing similarity of the general appearance of two rival traders goods are, however, mostly cases of deliberate fraud. Under this condition, English law gives the action without proof of a particularity in the shape of the get up and its being common to the trade. A difference in the extent of the protection in the two legal systems does, therefore, exist at most, if the similarity of the get up happens to be one by accident or coincidence.

dd) The comparison of the scope of the passing off action shows, that it is similar in English and Swiss law, not only as far as the statements themselves are concerned, but also with regard to the effects they produce. Thus, Swiss law does, like English law, require actual deception or at least probability of deception to make a certain statement actionable. To decide, whether actual deception or probability of deception are established, the general opinion of the interested public is the test.³³⁶⁾ And if no probability of deception exists on the part of the immediate purchaser or a middle man, it may exist on the part of the ultimate purchaser.³³⁷⁾

In two respects however, there is a difference between the two legal systems. Swiss and English jurisdiction have sometimes based their protection on the ground of a restriction of the violation of an absolute subjective right. Whereas Swiss law has entirely departed, in unlawful com-

³³²⁾ p. 61 above, esp. the dictum of James L. J.

³³³⁾ 46 II 153, 63 II 163.

³³⁴⁾ 69 II 296.

³³⁵⁾ *J. B. Williams Co. v. Bromley* (1909) 26 R.P.C. 481, 765.

³³⁶⁾ 37 II 172, 39 II 267 and above p. 64.

³³⁷⁾ *Draper v. Trist* (1939) 3 A.E.R. 513, above p. 66, 56 II 33.

petition, from this arguing, there exists, in English law, merely a tendency to do so and we still find passing off cases, in which the judges speak of an infringement of an absolute subjective right, mainly a property right, overlooking thus the real ground, the underlying principle of all these cases. The slight differences in the extent of protection in the two legal systems, which we have mentioned in connection with the protection of trade names ³³⁸⁾ and get up ³³⁹⁾ may have its real reasons in this still occurring difference in the approach of the problem of unlawful competition. Yet, cases like *Sales Affiliates v. Le Jean* ³⁴⁰⁾ show, that English law has enough flexibility to adapt itself to the needs of a sound jurisdiction, that it will loose a sometimes shown, unnecessary rigidity.

On the other hand, proof of damage or at least likelihood of damage is an essential condition in an English passing off action, whereas Swiss law does not require it for injunctive remedies. As we have however mentioned, damage or likelihood of damage to the plaintiff's trade will be the natural consequence of the deception of the purchasing public in most passing off cases. The effect of the protection is therefore materially not very much different, whether proof of damage or likelihood of damage is required or not. There are no doubt some particular cases, in which a different solution will be found. They are, however, mainly cases, in which the question of the unlawfulness itself is difficult to decide, i.e. they are the cases, which are on the limits between fair and unlawful competition. It is well a feature of English law, that it is rather rigid and distant when asked for the decision of such doubtful cases. A main reason for this attitude is, that English law is anxious, not at least with regard to the theory of precedent, to uphold clear limits and to proceed by no means too far in the field of distributed cases, in order to avoid possible disturbance. It is therefore quite possible that cases like *Singer v. Wilson* ³⁴¹⁾ or *Singer v. Loog* ³⁴²⁾ would have been decided otherwise before a Swiss Court.

ee) Art. 1 al. 2 lit. e of the Swiss statute provides, that if a servant or agent is corruptly induced, by another person, to accept or obtain any gift or consideration, as an inducement or reward for doing or forbearing to do any act in relation to his principal's business or affairs, or for showing or forbearing to show favour or disfavour to any person in relation to his principal's affairs or business, such conduct should be restrained according to the principles of fair dealing. Very similar prescriptions can be found in

³³⁸⁾ above p. 80.

³³⁹⁾ above p. 81.

³⁴⁰⁾ (1947) 1 A.E.R. 287.

³⁴¹⁾ See above p. 60.

³⁴²⁾ See above p. 61.

the English Prevention of Corruption Acts 1889-1916, especially in the Prevention of Corruption Act 1906. ³⁴³⁾

Swiss jurisdiction, hitherto, did not treat such cases as unlawful competition, ³⁴⁴⁾ because the gifts or considerations were given at the expenses of the defendant and produced mainly unlawful action by the receivers in their relation with the principal. Even to-day, such unlawful action by an agent, or the inducement of such an action by another, in relation to the principal's business or affairs, is the characteristic condition. This applies to both, Swiss and English law. Both tend to meet above all the necessity to protect the principal's business or affairs against infringements, caused by improper dealings of agents or servants with a third person. Unfair competition may, however, underlie such action, be it at the expenses of the principal itself or of another man's business. Even the latter will, no doubt, have his remedies as well, in English law at least for breach of statutory duty, in Swiss law in application of the general clause in Art. 1 al. 1 of the Statute.

ff) Art. 1 al. 2 lit. f & g of the Swiss statute provide a protection against the inducement, by a third party, of servants and agents to disclose or explore manufacture or business secrets of their principal, and against the use of such improperly disclosed or explored secrets. ³⁴⁵⁾ The provision in lit. f is confined to cases, where there exists an actual relationship between servants or agents and principal. ³⁴⁶⁾ Where this relationship has ceased to exist, it has to be decided according to the particular facts of the case, whether there is still an obligation not to disclose the secret, to which agents or servants have got access while occupied in the principal's business. ³⁴⁷⁾ Such a case should be subsumed eventually under the general clause in Art. 1 al. 1. This applies also to an improper exploration by a third party.

Lit. g is confined to the use of improperly obtained secrets by former agents or servants or by a third party. ³⁴⁸⁾

Different grounds have been assigned, in English law, for the exercise of the Equity jurisdiction against the disclosure or the use of secret informations, contrary to conscience. In some cases, it has been referred to contract between principal and agent or servant. Where no express contract had been made, it was held that it is implied in cases, where a man gets access, in the course of an employment or partnership with the principal, to a secret, that he should not disclose it. English law went still further and held, that cases may occur, where, without a previous contract, a secret may

³⁴³⁾ 6 Edw. 7 c. 34.

³⁴⁴⁾ For the reasons see Germann, op. cit. 263.

³⁴⁵⁾ & ³⁴⁶⁾ 23 II p. 205, 25 II 521, 64 II 162.

³⁴⁷⁾ cp. 64 II 171 with *Yovatt v. Winyard* (1820) 1 Jac. & W. 394.

³⁴⁸⁾ Germann, concurrence déloyale, p. 103 seq.

be disclosed or explored. And it recognized the necessity of an efficient protection not only against a partner or servant in contract, but also against a third party, who, by improper means, had obtained or used the secret, obtained from the party in contract. *Morison v. Moat* is a good illustration. ³⁴⁹⁾ James Morison and Th. Moat formerly formed a partnership. Morison was in possession of a secret in the compounding of a medicine. He told his partner the secret, but made an agreement with him, that only he, Morison, should be allowed to tell the secret to further partners. He in fact told it to his two sons, but not to Moat son, who succeeded Th. Moat. Moat son had no access to the secret, but it was told to him by Moat father, in breach of confidence. When Moat son later set up business for himself and compounded and sold the medicine, the plaintiffs, the two sons of Morison, claimed an injunction to restrain the use of the secret and the sale of the medicine by Moat son, who was held to have acquired knowledge of the secret unlawfully. Therefore, the injunction was granted.

This practice of the courts to restrain persons from exploring and using secret informations improperly obtained under circumstances, which made the disclosure or the use of the informations contrary to conscience, has been upheld up to the present day. ³⁵⁰⁾ And the scope of the English jurisdiction on this point is rather wider than Swiss jurisdiction. The person induced to disclose the secret informations must not necessarily be a servant or agent in an actual relationship with the principal. It can also be, as we just saw, a business partner. And the limit between disclosure of secret informations and interference with contract has not been drawn so strictly. In *Hivac Ltd. v. Park Royal Ltd.* ³⁵¹⁾ for instance, the plaintiff company employed R. D. & G. D. on highly skilled work, in which R. D. at least had access to all the plaintiffs manufacturing data. In their spare time, R. D. & G. D. were employed on similar work by the defendant company, which was in direct competition with the plaintiffs. It was held, that such is a secret action by the defendants, who must have known the concrete result of what they were doing and must have realized that what they were doing was wrong, even if they did not distinguish in their minds between the question of commercial morality and legal obligation. An injunction was granted to restrain the employment by the defendant company of R. D. & G. D.

In fact, inducement of agents and servants to disclose or explore secret informations of their principal's business is only an instance of the law concerning interference with contract. For one of the main reasons for the

³⁴⁹⁾ (1851) 9 Hare 241.

³⁵⁰⁾ *Robb. v. Green* (1895) 2 Q.B. 315, *Alpertons Rubber Co. v. Manning* (1917) 86 L. J. Ch. 377, *Wessex dairies v. Smith* (1935) 2 K.B. 80.

³⁵¹⁾ (1946) Ch. 169, see also *Bents Brewery Co. v. Hogan* (1945) 2 A.E.R. 570, which is an analogous case.

protection against the disclosure or exploration of business secrets is to restrain breach of confidence of the employees in their relationship with the employer, which, in its effect, would be detrimental to the employer's business. In Swiss law, breach of contract as such is not a tort under Art. 41 seq. Code of Obligations. Therefore, inducement to breach of contract is not necessarily tortious.³⁵²⁾ It was intended to introduce a provision in the Swiss statute concerning unlawful competition, restraining the inducement of employees to breach statutory or contractual duties. But it did not pass in Parliament. It has to be examined therefore, whether an inducement, by competitors, of employees of another competitor, to such action falls within the general clause in Art. 1 al. 1. To my mind, there is no decided case since the introduction of the statute in 1945.

English law, on the other hand, is elaborated in this branch of the law, because it recognizes the tort of inducement to breach of contractual duties.³⁵³⁾

3. *Conclusions.*

In spite of the incompleteness and fragmentary character of the thesis, two fundamental conclusions may be made. It shows that whereas Continental law and jurisdiction, apart perhaps from French jurisdiction, did find its way to the problems of unlawful competition only very late, i.e. mainly at the end of the last century or at the beginning of this century, English judges already dealt with this branch of the law decades ago. In Common law, Equity and Statute law, principles are to be found, which tend to provide wide protection against the different forms of unfair trade practices. And although English law did not yet elaborate an uniform law of competition, there are a bulk of cases or sets of cases, which, sometimes comprised in a well shaped action like passing off for instance, sometimes scattered over the field of the law, mainly the law of torts, deal with the different forms of unlawful competition. Apart from this methodical inconvenience, English judges have sometimes showed a lack of capacity to base their decisions on a sound principle, underlying the cases, and an inability to make the abstractions, necessary to give to their jurisdiction a clear and intelligible foundation. In absence of mainly logical reasoning, they nevertheless met the needs of a sound protection in elaborating, with regard to singular cases, minutiously and with great practical ability the body of rules, which forms to-day the precedents for unfair trade practices. And these precedents have no doubt influenced the

³⁵²⁾ 52 II 376, Germann, conc. dél. 309/10 and citations there.

³⁵³⁾ Winfield, op. cit. ch. 169, *Bowen v. Hall* (1881) 6 Q.B.D. 333 *Southern Foundries v. Shirlaw* (1940) A.C. 701.

formation of the Continental law on the subject-matter, in its material content as well as concerning the remedies granted. ³⁵⁴⁾

The differences, which exist between English and Continental law, are therefore rather differences in method, than differences in effective protection. The inductive method of reasoning, to which the English judges were forced with regard to the structure of the Common law, deprived them from the possibility of abstraction. The forms of actions, examples for the formulation of a particular claim in a special and narrow branch of the law, hindered the elaboration of general principles for liability. Equity, on the other hand, was an addendum only to the Common law, adding, by means of casuistic decisions, the rules necessary to mitigate the rigidity of Common law. And the theory of precedent gave to both, Common law and Equity, their consistency, thereby sanctioning their historical origins.

There is, to-day, a tendency in English law to level the formal differences between Equity and Common law, to lessen the importance of Equity as a system, to raise its importance as "aequitas". This will have the effect, that English law will get, apart from its great practical value, a methodically more uniform shape. Such an evolution is of great importance in a branch of the law, which is covered by Common law and Equity, like competition law.

There thesis tried to show the differences between unlawful competition in English and Continental law, especially Swiss law, to compare, in a special branch of the law, principles and method of two different systems. It has found the main differences in the methodical approach of the problems. The development of the English law of torts towards a law of tort, i.e. the elaboration of a general principle of liability in tort and the levelling of the differences between the systems of Common law and Equity will diminish even the methodical differences.

³⁵⁴⁾ J. Kohler, *Unl. Wettbewerb*, p. 63.

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